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"Over Twenty Years Of Service"

The Magazine of Wall Street

8 Low Priced Stocks of Recovering Companies

JUNE 30TH 1928

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A List of Bargains Created By Market Break

How Official Washington Views Business Outlook

—Making Your Will—

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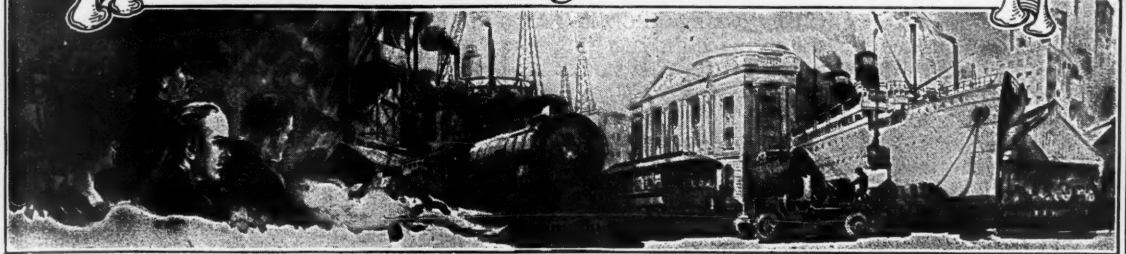
A List of Bargains Created by Market Break

THE break in the market which came about largely as a result of overdone speculation in the volatile issues carried down a number of the sounder securities to a point where they seem exceedingly attractive. Many investors have been waiting for just such an opportunity as this. For their convenience, we are listing below a group of stocks which we believe have reached a point around which they may be considered practically on the bargain counter.

Company	Dividend	Price Range 1928 High	Price Range 1928 Low	Recent Price	Yield (%)
Abitibi Power & Paper	$4	85	57	58	6.9
Baltimore & Ohio	6	119	104	106	5.7
Canadian Pacific	10	223	196	198	5.1
Central R. R. of N. J.	*12	375	298	310	3.8
Chic. Pneumatic Tool	6	141	117	118	5.1
Columbia Gas & Elec.	5	118	90	105	4.8
Endicott Johnson	5	85	76	76	6.6
Gillette Safety Razor	5	112	98	99	5.1
Goodrich, B. F.	4	99	69	71	5.6
International Match, pf.	3.20	121	94	96	3.3
International Paper	2.40	86	66	67	3.5
International Silver	6	196	126	126	4.8
Kennecott Copper	5	95	81	85	5.9
New York & Harlem	5	505	160	240	2.1
Norfolk & Western	*10	197	175	176	5.7
Northern Pacific	5	105	93	95	5.3
Pullman, Inc.	4	94	80	82	4.9
Reading Co.	4	119	95	98	4.1
Southern Pacific	6	131	118	120	5.0
Standard Gas & Elec.	3.50	74	58	63	5.5
Standard Oil N. Y.	1.60	41	29	34	4.7
Stewart Warner Speed.	6	101	78	82	7.3
Texas Corp.	3	66	50	57	5.3
U. S. Steel	7	154	133	135	5.2
Westinghouse Elec. & Mfg.	4	112	89	92	4.4

* Including extras.

The MAGAZINE of WALL STREET



C. G. WYCKOFF
PUBLISHER

E. D. KING
MANAGING EDITOR

INVESTMENT & BUSINESS TREND

Wall Street and Hoover—The Business Situation—European Recovery—Lethargy in Oil Shares—The Market Prospect

WALL STREET'S ATTITUDE TOWARD HOOVER

HOOVER sentiment in the Street appears mixed, but only to the extent that it would exist in any community of individualistic, strong-minded, masterful men. The opposition from New York at the Republican Convention, before the nomination, was, in fact, more pro-Coolidge than anti-Hoover.

The fact that the recent stock market decline coincided with Hoover's nomination has no political significance. This decline was long overdue and was caused by the highly speculative position of so many securities which had reached levels far beyond their intrinsic worth. Securities are bound to seek their real levels always, after such intense expansion as has existed in the stock market these past two years, and this readjustment should help to stabilize actual values for investors whose savings are, after all, the financial backbone of the industries of the country.

Wall Street is not disturbed—Hoover is a known quantity. The consensus of opinion is that he has proved himself an able and practical man with broad vision; that he has handled vast domestic and international problems in a most constructive manner. These qualifications should enable him to serve the country sagaciously by continuing that progress toward stabilization of the industrial, commercial and financial fundamentals which has been such an admirable feature of recent years.

All good psychologists know that no man who is both intelligent and constructive is likely to "rip things wide open," but will lend his best offices to constructive building.

ANNOUNCEMENT

IN the next issue, we shall publish a comprehensive report and analysis of the platform of the two leading parties and a description of the essential qualities of the two nominees, so far as they concern the business and financial interests of the country.

EUROPEAN RECOVERY

A VISIT to Europe, even of casual dimensions, will serve to convince all but the incorrigibly sceptical that the economic prostration which accompanied the post-war period is now in most sections of the continent a thing of the past. While a good deal of unemployment continues, especially in the manufacturing districts of England, and in some parts of Germany, for the most part employment has been found for the large bulk of the various adult populations. In this way, families now possess the necessaries of life and perhaps, even, a few comforts, thus contrasting markedly with conditions following the war. A spirit of growing confidence marks the spirit of the average man and woman and with it a cessation of purely communist agitation. Stabilization of currencies has played a marked part in this improvement and, on the whole, it can be said that the governments of Europe have

seriously set about consolidating the improvement which has taken place during the past few years. The desire of the vast body of the population is for peace and work and this accounts for a considerable growth in more conservative political tendencies. Of course, the large masses are poor in a way that would be found intolerable in America, but things are relative and the European family which has gone through the terrible war and post-war period is content more or less that their more acute sufferings are a thing of the past. From the industrial viewpoint, there are immense schemes for aggrandizement; Switzerland, for example, has embarked on the largest water-power development in the world today. It is a thing of note that the electrification of Europe is proceeding quite rapidly. There are many signs, in other words, that Europe is at the beginning of a possibly long and painful road to economic restoration, but genuine enough in any case.

THE BUSINESS SITUATION

INCLEMENT weather over large areas of the country considerably impeded the Spring revival of trade which gave promise of attaining such favorable proportions earlier in the year. In addition, the prevalence of hand-to-mouth buying and the cautious control being exercised over inventory stocks has tended to reduce the volume of forward commitments. The stimulation in retail trade, bound to ensue with the advent of more seasonable weather, however, must find reflection in wholesale channels and the release of pent-up purchasing may be expected to offset to some degree the summer slackness which in the past has been commonly looked for during the months of July and August. Indeed there are signs that larger distributive movements are already underway as car loadings of revenue freight for the first time this year show signs of surpassing the levels of 1927. Meanwhile steel mill operations continue at seasonally high levels with every indication that a half year's record will have been established by the end of June. Automobile production and sales are still of large proportions, while the number of cars now in use are causing new records to be established in gasoline consumption. Tire sales, already large, are also susceptible to further increase with the lower prices recently announced in reflection of cheaper rubber and the successful working off of high priced raw inventories by most companies. It is also encouraging to note more favorable prospects for meat packers, and the improved statistical position of the lumber industry which has taken place partly in response to the huge demands of an unabating volume of new construction and partly through a salutary control of production.

LETHARGY OF OIL SHARES

HOLDERS of oil shares recently received the first piece of "good news" that has emanated from this industry for a good many months. This news was the increase in the price of Pennsylvania crude oil, the first increase since last year. As the oil shares failed to respond to any appreciable extent to this announcement, some investors took heart by blaming the "poor market" for this lethargy. Not so! There is more to this indifference to apparently favorable news than the fact that it came at a time when the stock market was going through a corrective process.

The increase in the price of Pennsylvania crude holds little connection with any marked betterment in the fundamental condition of the industry, although the industry is not without a good deal of slow but sound improvement since last year. Pennsylvania crude is a high quality product, needed in the manufacture of high grade lubricants and other specialty products. The price merely reflects a seasonal demand for this grade of crude which, representing about 1 per cent of the nation's output, is not an important factor for the industry as a whole. And it does not necessarily follow, of course, that mid-Continental crude, which represents about 60 per cent of the present production, will also be posted at higher prices. Stocks of oil in storage aggregating over 600 million barrels are still considered excessive by the strongest interests in the industry, who are thought to be averse to any increase in price at this time, in spite of an upward movement in gasoline consumption. In the meantime, the companies are operating on slim profit margins and some more unfavorable earnings reports are to be anticipated especially from the smaller concerns whose operations are confined largely to the producing end of the business. For the patient investor, however, whose commitments are assumed only with the greatest discrimination, certain oil securities unquestionably present long range opportunities.

THE MARKET PROSPECT

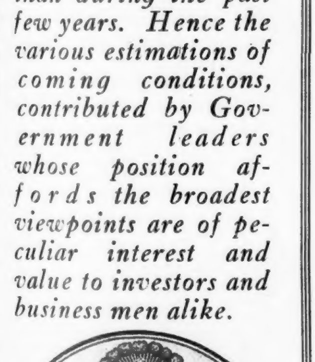
A COMPLETE analysis of the present position and future prospect of the market appears on page 380.

Official Washington Appraises the Business Outlook for the Next Six Months

With a Series of Statements by Government Leaders Made Exclusively to The Magazine of Wall Street

By THEODORE M. KNAPPEN

THE scrutiny to which the record of the Government is naturally being subjected in these times of great political interest, tends to emphasize more forcibly than ever that the Administration is vitally concerned with the well-being of business. In no time in history has the pulse of trade been more closely followed by official Washington than during the past few years. Hence the various estimations of coming conditions, contributed by Government leaders whose position affords the broadest viewpoints are of peculiar interest and value to investors and business men alike.



WASHINGTON, the political capital, a city without business, tends more and more and more to become the pulse of American business. Government is becoming more and more economic and less and less political. The objectives of policy are more and more the material well-being of the country.

In no other great capital of the world is doctrinaire politics in so little favor. Congress is becoming the national directorate of business. Party lines are disregarded in most legislation, and even when they are respected, as in taxation legislation, the tendency is to make it appear on both sides that business considerations have prompted the cleavage.

The executive departments look upon themselves as the protectors and guardians of business—not that they ignore the people, but that they consider business and the people as identical.

Under such conditions, it is natural that public men should closely scan business trends and that government should deeply concern itself with the collection and analysis of all data reflective of business status or symptomatic of change.

For these reasons the judgments given below of eight influential members of Congress and administrators, regarding the business outlook for the last half of 1928 command respect. There is an impressive approximation to agreement, whatever the point of view; the consensus of judgment is that the last half of the year will not be markedly different from the first half. Nobody views the near future with apprehension. Political bias inevitably causes some apprehension as to what may follow the presidential election, but aside from the tariff neither the men quoted nor the general run of official Washington is fearful that disaster will follow a political overturn. The electoral campaign is expected to cause some hesitancy and perhaps irregularity of business, but not enough to amount to retardation or serious derangement.

Apropos of this discussion it is interesting to note that President Coolidge views the future with confidence and holds that the prosperity that has on the whole prevailed for the last six years will continue indefinitely.

Significant, perhaps, of Mr. Hoover's opinion is the gain in conscious control of business conditions that Mr. Hudson, his right-hand man in the campaign to stabilize business, finds so pronounced.

Senator Smoot and Representative Hawley, chairmen of the taxation committees of Congress, occupy advantageous positions from which to view the business world. Senator Capper is well qualified to appraise business from the agricultural point of view. Chairman Parker of the House Committee on Interstate and Foreign Commerce, reflects the transportation opinion. Senator Fletcher, of Florida, summarizes southern opinion. Frank M. Surface, another Hoover lieutenant, states the view of a trained economist stationed at the focus of official information concerning affairs. Abram F. Myers, member of the Federal Trade Commission, is constantly in contact with the deeper currents of the ever changing business drama.

Outlook for Second Half Year Comparable to Conditions a Year Ago

By Reed Smoot,
United States Senator
from Utah, Chairman
of the Senate Finance
Committee

IN so far as it can be foreseen, the volume of business during the last half of 1928 should be, I think, almost as large as that during the last half of 1927. It may be a little, but not materially less. I doubt, however, if profits will be nearly as large. This is because of forced sales brought about by mass production, common to so many industries.

We may expect a good deal of price cutting, with narrowing, and frequently the elimination of profit margins, out of sheer necessity of moving goods that are tending to increase beyond normal demand. The law of supply and demand will regulate this before it goes very far. It we can maintain our sales abroad even at the present level,—and there should be little question about this,—increase in population and rising living standards should bring about adjustments that will take care of problems growing out of extraordinary increases in production by mass method. Politics may have a slight retarding effect on trade during the next several months but this should not be consequential.

If the Democratic party wins the national election in November it is to be supposed that the first thing it will do will be to reduce the tariff. Such would open the way for bringing in a billion dollars or more of additional foreign goods annually, and would mean less employment, lowered wage scales and curtailed buying power.

Taking 1928 as a whole, I see no reason why the year should not be generally satisfactory, and I believe that tendencies in general are towards sound and assuring bases.

No Boom in Sight but Sane Optimism Warranted

By Arthur Capper,
United States
Senator
from Kansas

THIS is a "campaign year." A few years ago, that fact alone would have cast gloom upon the business horizon. But during the past six months the imminence of the great American presidential derby has caused not a single business ripple. Nor is there anything now apparent either in politics or among the factors that largely determine the course of business to suggest other than a sanely optimistic view for the next six months.

1928, thus far, has not been a "boom" year—with the exception perhaps of a few stock market episodes. There are no "boom" symptoms in the immediate offing. But while there is undoubted evidence of sharpening competition and more and more serious thought as to the balance between industrial production and consumption, general business moves—and should continue to move — in impressvive though not record breaking volume, throughout the year.

Commodity prices show a slight upturn. There are troubled areas—as always; coal, perhaps, being the low pressure center. Building operations and certain of the textiles and some of the manufactures show recessions over past performances. Yet even these show no symptoms of sharp declines from present levels during the remainder of the year.

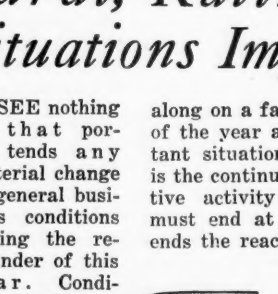
Agriculture, on the whole, is improving. Crop prospects and price indices are for the most part favorable. The livestock industry has shown and all indications point to a continued improvement. This is not to say that all is well in the great agricultural industry, for the task of putting this basic industry on a parity with other industries is yet to be performed.

From present indices I see no reason for apprehension as to the next six months. I see rather every indication of a continued level approximately that of the past half year. And when stock is taken at the end of the year, it seems now safe to assume that 1928 will have been found to have been a year, not of peaks, perhaps, but yet not one of sharp depresions.

Agricultural, Railroad and Trade Situations Improving

By James S. Parker,
of New York
Chairman of the
House of Representatives Committee on
Interstate and Foreign
Commerce

I SEE nothing that portends any material change in general business conditions during the remainder of this year. Conditions during the last half should be, I think, about the same as during the first half. I see nothing indicating either a boom or a depression. Employment is improving, farm prices are getting back to closer par with other prices, and good crops next fall will put agriculture on the best footing it has had since the war period. There is nothing in the domestic political situation that makes for economic uneasiness. The political situation in Europe is improving, as are economic conditions. The outlook is not so good in the Far East but if the worst should happen there, the effect on our trade would be good for the time being.



Things should run along on a fairly even keel for the rest of the year at least. The only important situation that is bodeful of evil is the continuance of excessive speculative activity in Wall Street. This must end at some time, and when it ends the reaction may be rather startling. The effect will be confined, I believe, to speculative circles and should not materially retard general trade. In fact, the effect on conditions in general might be good.

Railroads Improving

The railroads are improving their situation, particularly as to their efficiency which was never before so high as at the present time. With the political campaign out of the way, Congress should be able to contribute much at the next session to business stability and economic progress. I am confident we will pass a railroad consolidation bill, which will be in the best interests of the roads, the shippers and the public at large.

Political Prospects Favor Stimulation of Business Pulse

By Willis C Hawley,
Chairman, Ways and Means Committee
House of Representatives

ASIDE from the uncertainties which may be produced by the Presidential campaign and their possibly retarding effect, I see no reason why business conditions during the remainder of this year should not be good.

There may be some slowing up during the campaign. For instance, if I, a Republican, thought there was serious danger of the Democrats winning Congress and the Presidency next November, as a business man, I, might be a little hesitant about expanding my operations in the meantime. But I don't think there is any serious prospect of a political overturn nationally and I doubt if politics will have seriously repressive effects on trade during the year.

Most of the actions of the Seventieth Congress at its first session should be stimulative at least for the time being. The tax act relieves the public of more than $200,000,000 of its Federal Government burden and most of this relief applies directly to business. The new merchant marine act certainly should stimulate shipbuilding.

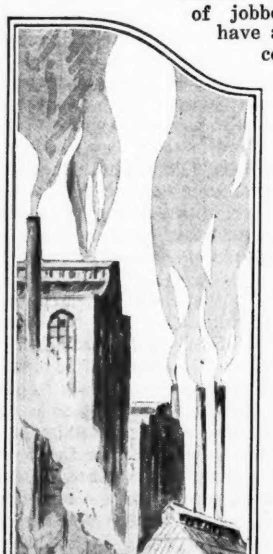
Conditions are on the whole good and basic factors are sound. Only the decidedly unexpected would bring about any radical change in the trend of general business.

Pronounced Gain in Conscious Control of Conditions by Business Itself

By R. M Hudson,
Assistant Director,
Bureau of Standards,
U. S. Dept of Commerce

WHAT'S ahead for business the next six months? While I appreciate the hazards and pitfalls of prognostication, I believe this period will be marked by an increasing interest in, and application of, the principles of simplified practice.

Because of keen competition, rising costs of doing business, and shrinking profit margins, both manufacturers, and merchants are studying their inventories, the costs of carrying them, their relative rates of turnover, and similar pertinent factors, more intensively than heretofore.



A growing recognition is evident among manufacturers that a fertile source of hidden profits is in the elimination of excessive variety in the goods offered the public. Lines, items, sizes, types, styles or models, — even brands for which there is little if any demand,—are being dropped in favor of items, etc., that turn readily in answer to sustained or fairly continuous demand. The resulting concentration of manufacturing and selling effort on stocks thus simplified is yielding tangible benefits such as smaller inventory investments, better turnover, lower costs, better service, and better profits.

Distributors, wholesale and retail, are finding they can apply simplification to their own stocks, as manufacturers have been doing for some years past, and with similar benefit. This is indicated in the increasing number of instances coming to light of jobbers and merchants who have applied simplification successfully and profitably. As the experience of those who have benefited from this form of waste-elimination effort becomes more generally known, other distributors are evidently taking hold of the idea. That more of them are testing its application, or seriously considering doing so in their establishments, is reflected in the steadily increasing number of inquiries regarding simplification, inventory control, etc., coming into the Department of Commerce. These inquiries cover all kinds of retail businesses, dry goods, groceries, hardware, auto accessories, plumbing supplies, leather goods, and many more.

Interest among consumer groups is also developing at a fairly rapid rate. As might be expected, industrial purchasing agents and store department supervisors have been quick to realize on the opportunities afforded them through simplification, or elimination of unnecessary variety, more effectively to control the expenditures for which they are held responsible. Several of the larger manufacturing corporations, and the railroads especially, have already made substantial savings through simplification. Its application is now spreading among the smaller firms, also among city, county, and state purchasing agents. Hotel managers, hospital managers, and others to whom supplies, their purchase or procurement, are always problems, are likewise looking into the usefulness of simplification to them.

Individual consumers are becoming better acquainted with the wastes of "over-diversification" and the invisible tax they pay in their purchases as a result. Inquiries from them to the Department are also increasing.

A further indication is found in the reaction already developing in some quarters to recent and current trends toward excessive diversification. The advent of color into many hitherto plain lines ranging from kitchenware to bath room supplies has caused jobbers of these articles to protest the effect produced on their inventories by this stock multiplication. Likewise, manufacturers' efforts to stimulate sales by forced obsolescence, or unduly rapid style changes, are subjecting merchants to the strain of clearing stocks more rapidly perhaps than normal consumption by the buying public would warrant. In consequence, prices are being cut, and the expected profits from the larger sales are being absorbed in the costs of these extraordinary merchandising efforts. Those who are finding no profits in this procedure are also turning to simplification as the first step in balancing stocks with probable demand or sales possibilities, to the end that their present risks may be reduced and their profits increased.

I have been connected with the simplification program of the Department of Commerce practically since its inception seven years ago. In that time, I have seen it develop from an idea to a matter of worldwide interest,—in fact,—into a movement that is producing marked changes in previously conceived ideas of good business management. At no time has the interest been so widespread or seemingly so keen as at present. I attribute this not alone to the increased and more general understanding of simplification, its aims, purposes, and benefits—but more especially to the growing realization of its particular applicability under prevailing conditions.

It is for these several reasons that I believe the current interest in simplification foretells an even greater interest as the struggle for volume at a fair profit becomes more intense.

(Please turn to page 408)

Are the Dividend Policies of Our Leading Railroads Sound?

By PIERCE H. FULTON

THIS important article goes into the vital question of whether railroad dividend policies are sound. Several important examples are discussed in detail. Holders of railroad securities will find much in this article to interest them.

ANNOUNCEMENT recently of dividend action by the directors of several well-known railroads of rather widely varying degrees of financial strength and earning power, makes altogether timely careful consideration of the question, "What Dividends Should the Railroads Pay?"

A canvass of the leading railway executives and boards of directors of American railroads discloses considerable difference of opinion on this subject.

Stockholders as a whole naturally are in favor of liberal dividends. They want as large a return on their investment as possible.

Bankers and others, active in financial affairs, who have served as railroad directors, often have been charged with favoring too liberal dividend payments—for one reason and another.

Operating and traffic officials, it is generally claimed, have been in the habit of recommending comparatively small dividend payments, in order that surplus earnings, as far as possible, might be re-invested in the property.

Which one of these three groups is right, or most nearly so?

What, if any, general rule or basis, should be adopted in the declaration of railroad dividends?

Are some railroad dividend rates too high? Are others too low? Are stock dividends advisable for the railroads?

These are some of the many phases of the general question, "What Dividends Should The Railroads Pay?" that will be dealt with in this article. The principal questions will be answered by several of the most prominent executives of our steam railroads, and not alone on the authority and information of the writer.

It should be understood at the outset that this article will deal only with steam railroads, and, with a few exceptions, only with the payment of dividends on common stock.

Rate of Return

Taking up first the general question as to what rate of return on its common stock a railroad should reach before its directors should seriously consider the payment of a dividend, or the voting of an increase in a disbursement already being paid, it will be realized at once by all who have given the matter any real attention, that much will depend upon the financial strength, actual earning power in the past and outlook for the future, of each individual company.

In other words, what would be a sound policy or basis for one company obviously might be equally unsound for another.

As a general rule, though unwritten and not at all fixed, directors have been inclined to say, "If we give our common stockholders each year one-half of the balance applicable to dividends on their shares, they ought to be satisfied. They should be willing, also, that the other half be kept to accumulate as surplus or to be reinvested in the property."

Here again we must at once introduce Mr. Einstein's famous law of relativity. This idea of giving one-half to common stockholders and keeping the other half for corporate purposes, probably would be all right for the Atchison, but quite possibly not for the St. Louis-San Francisco or Rock Island, although all three properties are operated in part in the same general territory.

The Frisco

As a matter of fact, very few of the dividend paying railroads—not even the strongest—in recent years, have held strictly to the 50-50 basis. Most of them have exceeded it, some to a seemingly unwarranted extent. They have given common stockholders considerably more than one-half the net income, the balance, after the payment of fixed charges, applicable to dividends.

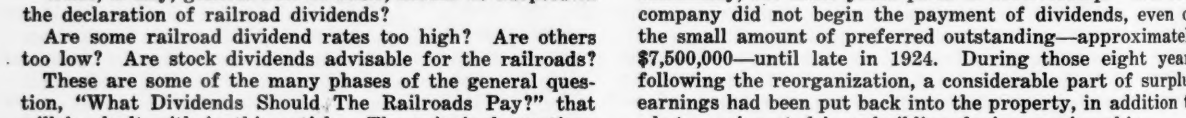
Take the Frisco for illustration. That road was reorganized in 1916. It had been in a bad way, both physically and financially, for some years prior to receivership. The new company did not begin the payment of dividends, even on the small amount of preferred outstanding—approximately $7,500,000—until late in 1924. During those eight years following the reorganization, a considerable part of surplus earnings had been put back into the property, in addition to what was invested in upbuilding during receivership.

In the years since reorganization, the company had not established a particularly strong cash position or bought and placed in its treasury a considerable amount of valuable securities that could be held as a back log against possible business depression and poor earnings. On the other hand, the new Frisco, during that time, was under the handicap of having to pay 6% annual interest on both an issue of adjustment and income bonds, aggregating more than $75,000,000, and of which no use could be made in the raising of new capital, and to finance wholly through the sale of prior lien bonds at substantial discounts from par.

Why, under these conditions, the conservative observer very naturally may ask, were dividends begun on the common?

Here is the answer. Earnings were good. The indications were that for 1926 the balance for the common would be about 15%. E. N. Brown, Chairman of the Board, is a firm believer in liberal dividends. He holds, of course, that physical property should be kept in good shape in order to render the best service possible to the public and to make the largest earnings possible for the shareholders. On the other hand, he does not favor the accumulation of a tremendous surplus, like that of the Atchison, which recently equalled the amount of common stock outstanding, and the payment of relatively small dividends.

In the case of the Frisco, he took the ground that both



preferred and common stockholders had waited 8 years for a dividend, and that it was only fair that the preferred, at least, should not wait longer. Under the by-laws, the full dividend of 6% on the preferred for a year had to be declared before anything could be paid on the common. The necessary action with regard to the preferred was taken, as already indicated, late in 1924. From that time on, until the equivalent of 8% per year was ordered for the common, Mr. Brown and his associates in the Frisco board worked fast on the common dividend question.

Payments on that issue at the rate of 5% a year were begun on Jan. 15, 1925, or only 2½ months after the initial installment on the preferred was paid. The common stock was allowed to stand on a 5% annual basis for only ten months, as at the end of that period it was raised to 7%, while only 18 months still later an extra of ¼ of 1% was declared quarterly, making altogether 8% a year for the junior issue.

Why these rapid strides? Were they justified by the company's financial structure, treasury position and earnings?

Special Considerations

On the basis of the first two considerations, I would answer in the negative. Probably most conservative students of that particular property, and of railroads in general, would agree with me. But there were special considerations which Mr. Brown and the directors as a whole felt justified the action that they took on the common dividend.

The Van Sweringen brothers had gone into the market and bought virtual control of the Pere Marquette, without Mr. Brown, who is Chairman of the Board of that company also, and the other executive officers and directors knowing what they were up to, and without those officials and directors owning enough stock personally to put them in a strong position against the "Cleveland boys."

Mr. Brown also discovered that certain powerful interests were trying to get control of the St. Louis-San Francisco. He promptly decided that he would put the stock so high that they would become discouraged and leave it alone, unless they were more eager to get control than he believed was true. In order to accomplish his purpose, it was decided that the dividend on the common should be started at 5% a year.

Within a short time it became apparent that the advance that had taken place in the common stock as the result of the dividend action was not sufficient to stop the outside buying. Accordingly, it was decided to raise the rate to 7%. After dividends were begun on Rock Island common, of which the St. Louis-San Francisco had bought a little more than 183,000 shares, Mr. Brown decided that it was only fair that the money received from the Rock Island dividend should be passed along in the shape of an extra dividend, at the rate of 1% a year, to Frisco common stockholders.

Inside History

Mr. Brown and his associates were looking still further ahead and had in mind an undertaking of great importance, both to the Frisco as a corporation and to its security holders as well. Reference is made specifically to the comprehensive plan for readjusting the company's finances, which was officially announced sometime ago and which is now in progress. It involves the issuance of nearly $50,000,000 new preferred stock at par. Those who direct the affairs of the Frisco, together with their bankers, knew that the present common stock must sell well above par in order to induce the holders of that issue to take the new 6% preferred at the same level.

Here we have the inside history of the dividend action on Frisco preferred and common from the time that payments were first ordered on the former, until the present moment. Was this action justified, does some one ask? Opinion on this question probably differs considerably. How has the policy worked out? It may be stated, without fear of contradiction, that at least some official representatives of the Frisco wish that the dividend on the common had not been raised to 8%. For a long time that stock, carrying that rate of dividend, sold lower than Rock Island with only a 5% dividend. More recently, St. Louis-San Francisco common has sold around 120.

Safety of Dividend

But how about the safety of the Frisco common dividend at 8%, does some one else ask? It may be stated that Mr. Brown and his associates believe that, under anything like normal traffic and earnings conditions, it can be paid regularly with a margin of at least several percent a year.

The twelve months ended December 31, 1926, proved to be a peak year, not only for the Frisco, but for the railroads of the United States as a whole. On its common stock outstanding during that year, the company earned 14.21% a share. Dividends, as already indicated, at the rate of 8% a year—7% regular and 1% extra—were paid, after disbursing interest on nearly $150,000,000 prior lien bonds, carrying interest from 4 to 6% annually, according to the series; 6% interest on more than $75,000,000 adjustment and income bonds together, and a 6% dividend on approximately $7,500,000 preferred stock.

For 1927, in comparison with 1926, gross earnings fell off over $5,000,000, but net income was not much smaller than for the previous year. The loss in net, however, would have been decidedly larger except for a sharp cut in operating expenses.

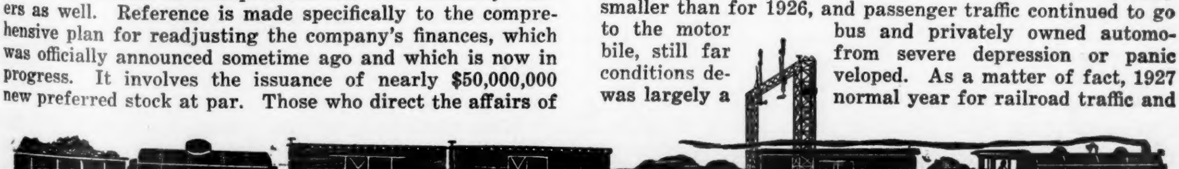
In the meantime, common stock outstanding had been increased by $15,265,400 making the total $65,543,200. On this larger amount the balance of net income applicable to dividends on the common stock was only between 10 and 11%, after counting in the 5% dividend received on 183,000 shares of Rock Island common, owned by the Frisco.

A Small Margin

Putting the Frisco situation in another way, in 1927 it earned from operation, and from other sources other than its Rock Island holdings, only between 9 and 10% on its common stock. Taking account of the Rock Island dividend it was able to show 1% more.

These rates are in comparison with the 8% cash dividend paid. It will be well to bear in mind that, at the best, with all sources of income counted, there was a margin of only a little more than $3 over the dividend paid last year.

While business in general in the United States fell off considerably during the last six or seven months of 1927, the wheat and cotton crops in the southwest were materially smaller than for 1926, and passenger traffic continued to go to the motor bus and privately owned automobile, still far from severe depression or panic conditions developed. As a matter of fact, 1927 was largely a normal year for railroad traffic and



Dividends and Earnings of Leading Railroads

	5 Year Average Earnings	*5 Year Average Dividend	*Current Dividend	Recent Price
Atchison, Topeka & Santa Fe	$18.06	$7.41	$10.00	186
Atlantic Coast Line	20.19	8.80	10.00	170
Baltimore & Ohio	12.23	4.90	6.00	106
Canadian Pacific	12.35	10.00	10.00	198
Central R. R. of N. J.	14.76	12.00	12.00	310
Chesapeake & Ohio	20.02	6.60	10.00	179
Chicago, Rock Island	6.77	1.00	6.00	112
Chicago & Northwestern	5.53	4.00	4.00	78
Delaware & Hudson	12.09	9.00	9.00	186
Delaware, Lackawanna	8.63	6.80	7.00	135
Great Northern Pfd.	8.54	5.00	5.00	99
Illinois Central	11.99	7.00	7.00	136
Lehigh Valley	6.31	3.80	3.50	101
Louisville & Nashville	14.10	6.20	7.00	145
New York Central	14.53	7.00	8.00	170
New York, Chicago & St. Louis	16.66	7.20	6.00	129
Norfolk & Western	18.48	8.80	10.00	179
Northern Pacific	6.73	5.00	5.00	97
Pennsylvania	5.76	3.12	3.50	64
Pere Marquette	11.34	5.40	8.00	131
Reading Co.	10.81	4.20	4.00	100
St. Louis, San Francisco	11.91	4.05	8.00	113
Southern Pacific	10.44	6.00	6.00	119
Union Pacific	15.71	10.00	10.00	190

* Including extras.

earnings and 1926 an abnormal or peak year.

Question—What would have happened to the Frisco common dividend if really poor business conditions had developed last year?

The foregoing is the unfavorable side of the Frisco picture with respect to the status of its common dividend. Happily there is a brighter side. The comprehensive reorganization of its financial structure that is now under way will strengthen materially a weak feature that has existed since reorganization. Reference is made to the large amount of bonds outstanding in proportion to the stock. Under the terms of the new plan the ratio will be reduced substantially. In other words, the securities carrying a fixed charge—all ahead of the stock—will be materially smaller.

Already it has been estimated, that, on the basis of the new capitalization, and with the present outlook for traffic and earnings, the balance for the common for 1928 will be equal to 12% on that issue. This would give a margin of 4% over the present 8% dividend.

Rock Island

Take next the Rock Island common dividend. That company's capital structure was reorganized, or readjusted, without foreclosure, in June, 1917. The Rock Island had not been run like a real railroad for the 15 years or thereabouts during which Daniel G. Reid and Judge W. H. Moore had control prior to receivership. It was more a speculative proposition. Unfortunately, for the ten years immediately following reorganization, the property was not operated as carefully and aggressively as it might have been. By the same token, the results fell correspondingly below what should have been realized.

The Rock Island has wonderful possibilities by reason of its geographical location alone. Look at a map of its lines. Note how, with Chicago as the center, they radiate out to Minneapolis on the north, Omaha and Denver on the west and to Galveston on the south.

With the purchase of 183,000 shares of Rock Island common by the Frisco, a decided change for the better came into the management of Rock Island. E. N. Brown, chairman of the Board of the Frisco, became Chairman of the Executive Committee of the Rock Island, and assumed general direction of its policies. He quickly restored the morale of the executive staff, letting it be known decisively at the very start that James E. Gorman was the real president and that all officers under him were to report to the president, and not to Mr. Brown, or any other officer.

He stopped many gaps that had developed in the management, cut out waste, put into effect numerous economies, and as a natural consequence, soon began to show remarkable increases in net results from operation in comparison with the years immediately preceding.

Although Mr. Brown directed the policies of the Rock Island for only the last seven months of 1926 the balance for the common stock that year was 10.62% against only 4.54% for 1925. For 1927, 12.10% was shown for the common.

And now as to the dividend policy and record of the Rock Island since the reorganization in 1917. The full dividends of 6 and 7% respectively a year on the two classes of preferred were begun only about 6 months after reorganization was completed and have been paid regularly ever since.

Outlook Brightened

Until Mr. Brown took hold, the payment of anything on the common was out of the question, although Charles Hayden, Chairman of the Board, would have been glad to begin dividends on that issue some years before. He believes in liberal dividends, as he has clearly demonstrated in the case of the copper companies and numerous other corporations with which he is prominently identified as a director or executive.

With the coming of Mr. Brown, the outlook for Rock Island common stockholders brightened greatly. Already the Frisco was the holder of that issue to the extent of 183,000 shares. Naturally he wanted a return on that investment for the Frisco. He had in mind, also, all other

holders of the junior issue. They had waited nine years for a return on their investment. He was determined that they should not wait much longer.

Accordingly, in March, 1927, an initial quarterly dividend of 1¼% was paid. That rate was maintained until March, 1928, when it was raised to 1½%, or 6% a year—practically one-half the earnings on the common for 1927.

How about the stability of this dividend, someone very naturally may ask. The physical condition of the property like that of the Frisco is good, but not up to the standard of the Atchison, Union Pacific, Southern Pacific and Burlington. The Rock Island unfortunately does not own large amounts of valuable treasury securities, as do all those strong systems.

So long as earnings continue at the rates recorded for 1926 and 1927, the 6% dividend can be continued. It must be borne in mind, however, that neither the Rock Island nor the Frisco has a big backlog in its treasury that could be made use of in a severe and protracted period of business depression.

Dependent Upon Earnings

Both roads are more in the position of the modern individual, who has all his personal effects on the installment plan. As long as his income continues, he can pay the various and numerous collectors who call each week. But if his income is severely reduced or cut off altogether, the collectors must call in vain.

In other words, the continuance of the Rock Island and Frisco common dividend at present rates is dependent very largely upon current traffic and earnings.

What about the outlook for a further increase in the rate on Rock Island common, does someone ask?

Answer—So long as E. N. Brown is directing the affairs of that company, dividends on that issue will be as liberal as earnings and a reasonably conservative policy will justify. Mr. Hayden and the directors will support him in this policy.

If the earnings for this year should equal 15% on the common, which is improbable, and the outlook for 1929 should be equally favorable, quite possibly the rate would be raised from 6 to 7% in March, 1929. Mr. Brown would like to see the dividend at the latter rate.

The Atchison

Turn now to the Atchison, quite a different kind of railroad, with a decidedly different financial structure and dividend record. This wonderful property went through receivership and reorganization also, but that happened so long ago, and the company has become so strong in every respect in the meantime, that those unfortunate events have been largely forgotten. Reorganization occurred just at the end of 1895, or well on to 33 years ago. From that day to this, the policy of the Atchison management with respect to dividends, as well as every other important question, has been ultra-conservative, but none the less aggressive and progressive.

The 5% dividend on the preferred long has been regarded as safer than the interest on a great many railroad bonds outstanding. Beginning with 3½% in 1901, dividends have been paid on the common at not less than that rate ever since. It was more or less irregular until 1910, when it was raised from 5½ to 6%. The dividend was held at that level for the next 14 years. In 1925, 1926 and 1927 the common stockholders received 7% a year. From March of last year until March of this year, ¾ of 1% extra was added each quarter, making the total disbursement 10% a year. Only at the April meeting this year the stock was placed on a flat 10% dividend basis by the declaration of a quarterly payment of 2½%.

Is that too large a dividend for the Atchison to pay, does some one ask?

Answer—Look at the pamphlet report for 1927, which was issued only recently. Read the following statement by W. B. Storey, President:

"Neither this company nor any of its auxiliaries has any notes or bills payable outstanding. The company held in its treasury at December 31, 1927, $30,135,105 cash, and in addition owned $22,209,200 of United States Government securities."

Turn to that balance sheet, take a glance at the liabilities, place your eyes on the last few lines, which cover corporate and profit and loss surplus, giving the aggregate surplus at the end of the year.

What are the aggregate figures set opposite? $353,927,366, or only $2,654,934 less than the common stock outstanding as of the same date.

Run your eye over the two sides of the balance sheet and you will see that current assets were $72,348,574 against current liabilities of only $34,876,473.

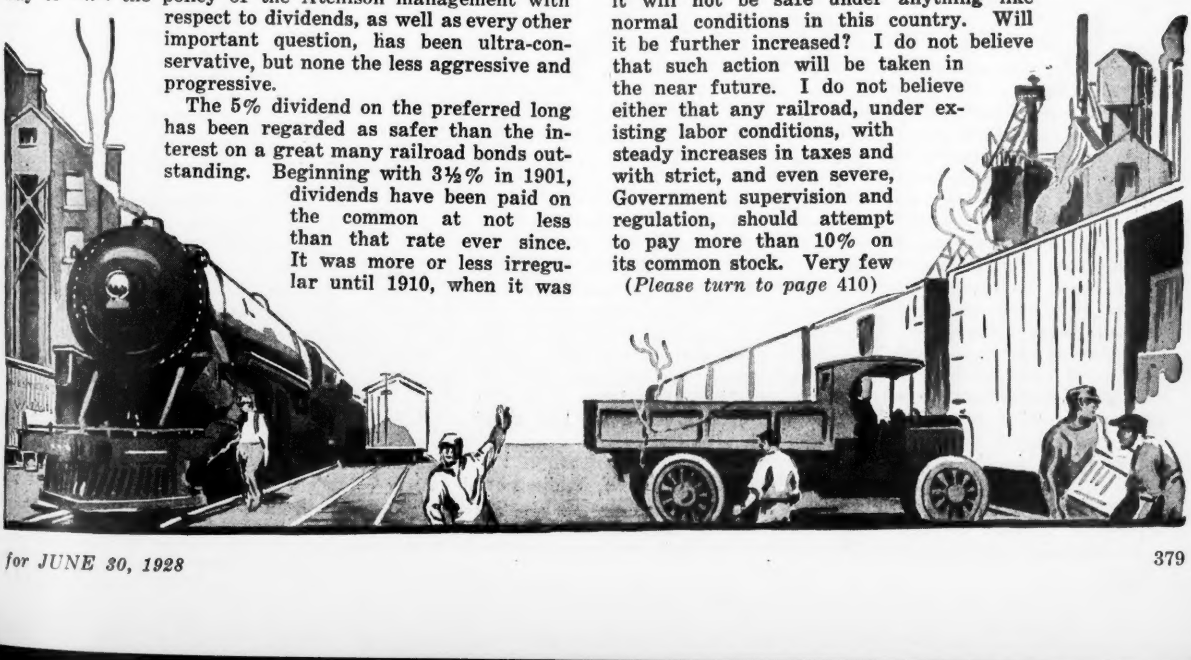
If this is not enough, turn back to the income account. Note that the net income for 1927 was $49,754,117, equal, after preferred dividends, to $18.74 a share on the common against $23.42 for the previous year.

Capitalization of Surplus?

Now take a few figures not given in this annual report. During the last 15 years the Atchison has not raised capital through the sale of either its own stock or bonds, except a small issue of common stock now going out to redeem a correspondingly small issue of maturing bonds. Within that period all capital requirements have been met from current cash and the sale of treasury securities. In the most recent years a budget of from $55,000,000 to $60,000,000 a year has been authorized by the directors, although, as a matter of fact, the entire amount has not been expended within any single twelve months.

The earnings for 1926 were equal to over 23% on the common, as already shown. President Storey regards that as an abnormal year, even for the Atchison. He characterizes 1927, with practically 19% for the common, as a normal year. It may be noted, by the way, that for 1927 the common stockholders received a little more than one-half the balance earned for their shares.

How about the Atchison dividend for the future? Not even the worst of pessimists can attempt to prove that it will not be safe under anything like normal conditions in this country. Will it be further increased? I do not believe that such action will be taken in the near future. I do not believe either that any railroad, under existing labor conditions, with steady increases in taxes and with strict, and even severe, Government supervision and regulation, should attempt to pay more than 10% on its common stock. Very few (*Please turn to page* 410)



What's Ahead for the Market?

Recent Break an Aftermath of Ungoverned Speculation—Money Stringency Checks Stock Price Inflation

By ROBERT E. STANLAWS

WITH provoking irony, the stock market has staged one of its most disconcerting reversals of recent years, hard on the heels of the outspokenly bullish pronunciamentos of two prominent bull chieftains. Apparently, the speculative cohorts decided, that regardless of the expressed views of their own captains, the time had come to give heed to the implied warnings of a wholly opposite tenor emanating from higher places.

The market, as always happens when prices have been bid up continuously and extravagantly over a long period without regard to fundamentals, suddenly became conscious of its excesses. Irrespective of sundry supporting causes that might be considered tributary to the sharp reversal of sentiment, such as political developments, indifferent business conditions, and the like, the primary motivating force, clearly, is to be found in the tightening of credit.

Culmination of Long Upswing

Beginning with the recovery from the drastic slump of February-March, 1926, stock prices have advanced in a practically continuous bull movement into May of the current year. It will be recalled that the pessimism which accompanied the market's return to the March lows during April, 1926, began to be dispelled by distinct easing of the tension then existing in the money market. Thereafter, under stimulus of growing ease in credit conditions, the upward movement gathered momentum, attracting a steadily expanding public following.

The cycle of rising prices was interrupted by a substantial reaction during the third quarter of the year and again in the corresponding period of 1927. But on each of these occasions, the price level, as measured by leading, representative stocks, recovered and continued the rise to new heights. As was the case with setbacks in the immediately preceding bull swings, that is, those of 1924-1925, most of these reactions reflected nervousness growing out of stringency in money.

The heavy liquidating movement of March, 1926, was an outstanding exception, being occasioned by over-extension of the speculative position and forced pool selling. In many respects, the current slump in the market bears a close resemblance to this 1926 spring break. There is a striking similarity in the severity of both reactions, the width of the declines being exceptionally large in relation to the period of time covered. Like its predecessor, the 1928 break has followed an era of extended, not to say feverish, public participation. The reversal of 1926, however, began abruptly and without the aid of influences outside the stock market itself. Though it halted a bull cycle which had carried the average price level to what was then a record peak, the market as is now of course well known, was destined to recover and soar to still dizzier pinnacles.

Will History Repeat Itself?

Whether history will be repeated is a moot question. As stated, the broad upward swing of stock prices since the deflation of 1921 has been fostered by an abundance of credit and the natural accompaniment of low money rates. True, individual issues have run counter to the predominating trend and many have fluctuated up and down within the main cycle. Nevertheless, broadly speaking, it may be said that the market, measured by the performance of typical stocks, has been in a bull cycle for nearly seven years. None of the interruptions to this major bull market have been of sufficient scope or unanimity to justify the designation of bear markets.

At its inception in 1921, this seven-year bull tide was brought into being wholly by economic forces, that is, by the return of business prosperity. In its later stages, however, the moving forces became predominantly speculative, as with substantially every other bull market. Even in 1924 and 1925, for example, it was apparent that easy credit conditions were playing a leading role in shaping sentiment toward securities.

In the clear light of retrospect, it is equally plain that the markets of 1926 and 1927 were founded to an even lesser degree upon industrial conditions than the earlier advances. Paradoxically, the comparative commercial apathy of 1927-28 has proven a supporting influence to speculation rather than a hindrance. Instead of bolstering market optimism by expanding activities, trade and industry by their very sluggishness have been largely responsible for speculative contagion. That is to say, capital which could not find an adequate outlet in the marts of commerce has been diverted to security market operations.

The pressure of this surplus credit thus tended to encourage rising security prices, even though the business setting of itself, while not definitely opposed to bullish demonstrations, has not for many months been such as to form the foundation for extreme stock market optimism.

With adoption of the Federal Reserve's "easy money" policy last summer, fresh fuel was added to the speculative fire. The banking authorities were far from desiring to encourage unrestrained stock market activity. Their ostensible purpose was to accomplish redistribution of the world's gold supply, of which this country had acquired more than was considered desirable.

The stock market, however, interpreted the lowering of rediscount rates to suit its own inclinations. Public enthusiasm, intrigued by the steady march of stock prices to ever newer higher levels, was further inflamed. It was, perhaps, inevitable, in view of the great expansion in listings and increased public familiarity with the market, that this bull movement should have attracted an unparalleled "outside" following.

Having easy access to the money cupboard, the public gorged itself on speculation. Manipulation and speculation, accordingly, have both been major factors in forcing stock market inflation. But neither, obviously, could have attained such colossal proportions without the active support of an overflowing credit reservoir.

Money the Key

Money has been the key to the stock market. But the insatiable demand for more and more capital with which to conduct speculative operations has also been the market's undoing. Speculation long ago transgressed the bounds of reason. The rise in stock prices to levels where dividend yields had sunk to less than a 2% return in many instances, was not alone questionable. Numerous non-dividend stocks were similarly boosted to heights where market quotations were equivalent to fifteen and twenty times reported earnings.

To the argument that a fair standard of appraisal, based upon past experience, was nearer ten times earning power, exponents of the bull side answered that present-day conditions were not comparable with the past. It was contended that the market must be measured by new yardsticks. Such disregard of conventions is characteristic of a manipulative cycle. In the heat of desire to realize speculative profits, the mass of buyers are prone to lose patience with logic. To the student of values, the bull market has thus been a cause of despair. Though it has long been apparent that a

reckoning must come, the difficulty lay in accurately measuring the public psychology and attempting to judge when, and by what means, it would be chilled into realization of its folly.

Not until the fact was brought home that security loans could not go on expanding indefinitely and the credit supply has limits, did the market give serious consideration to its over-enthusiasm. The awakening was so closely timed to the recent sharp advance in call money rates to the highest figure since 1921, and the subsequent veiled warning of the Federal Reserve authorities against further expansion of brokers' borrowings, as to leave little room for doubt concerning the primary cause of the market debacle.

The utter collapse in certain stocks outside the New York Stock Exchange may be regarded as the immediate impulse behind this rude awakening. But basically, money market influences have been shaping themselves to bring about such an event ever since the latter part of 1927. Largely because of the stock market's own attempt to absorb all available funds, the credit situation has slowly assumed forbidding aspects. Gold reserves of the Federal Reserve have been reduced through international movements and in January, this year, the reserve banks began to decrease their security holdings in volume.

This step was clearly preliminary to advancing rediscount rates and gave the first indication that efforts might be made to apply correctives to the strain created by the stock market's insistent demand for funds to sustain what had then developed into a frenzy of speculation. With characteristic indifference, this first warning of an adversely unfolding credit position was sublimely ignored by the speculators.

Rediscount rates subsequently went back from last year's 3½% to a uniform 4% figure and gold exports, for a time moving slowly, reached significant proportions in March. These events likewise failed to produce a profound impression on the market. With expansion in commercial credit needs in the spring, however, member banks were driven to increase their borrowings at the Federal Reserve institutions. Thus, a combination of gold exports, reduction of security holdings, growing commercial demands and, finally, record security market loans resulted in unmistakable hardening of money and a further advance in rediscount rates to the present 4½% level.

There have been no visible changes in the aspect of trade and industry to account for the shift in the stock market's speculative front. It has manifestly been brought to its knees by the same instrumentality that was largely accountable for its former extreme buoyancy.

According to the cautiously worded statement of the Federal Reserve, the firmness of money rates can only be relieved by a gradual liquidation of brokers' loans, or by a reversal of the gold movement. The pressure exerted to check stock speculation has already accomplished some deflation of security market borrowings, but it is doubtful that, having made a stand, the banking authorities will rest content with half-way results.

In other words, it would seem the tension upon the money market cannot ease until the stock market has gone further in correcting recent excesses. This means that stocks which have been the worst offenders in outrunning values must logically bear the brunt of the market's readjustment to more reasonable conformity with credit conditions.

Though the decline has been accompanied by inevitable liquidation of the sort which forces uninflated issues downward in common with the rest, there

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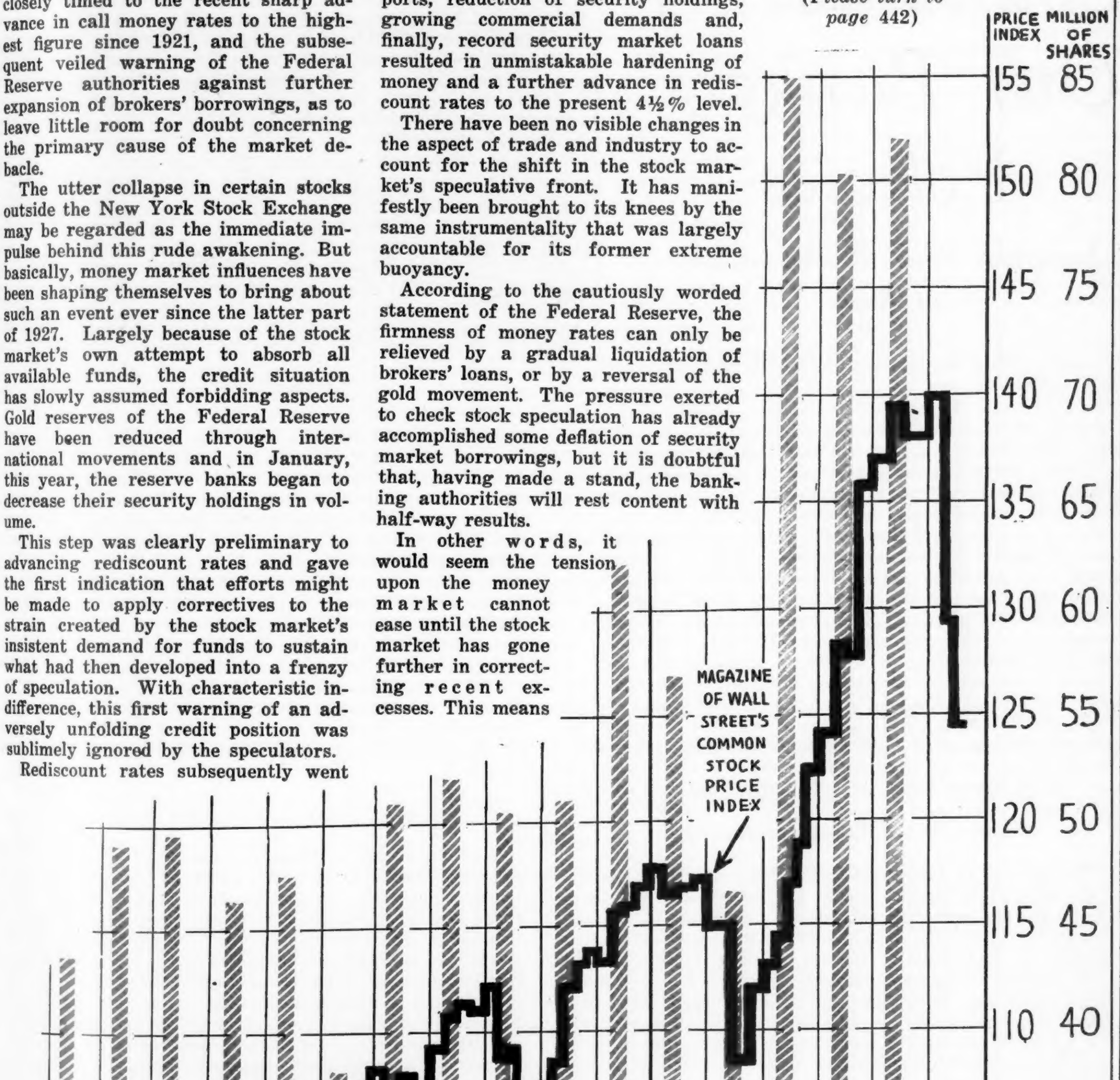
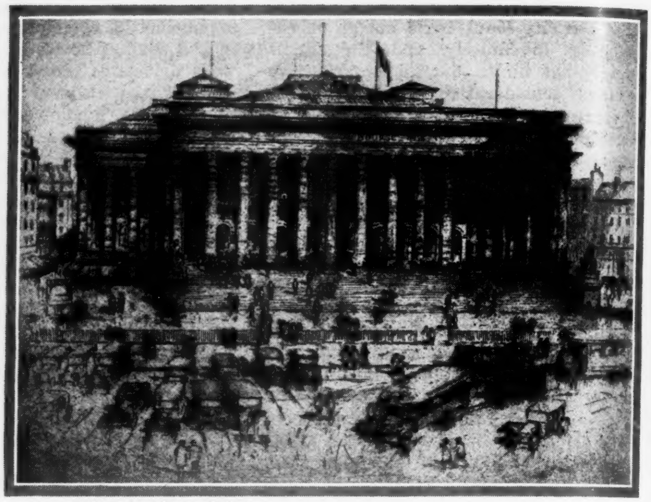


Future of Foreign Investments Depends on Soundness of Our Bankers' Policies



From an etching by Anton Schutz

The Paris Bourse

Important Facts for the Investor to Know

By DR. MAX WINKLER

UNDER the able leadership of Mr. E. H. H. Simmons, president of the New York Stock Exchange, the latter has assumed a dominant position among international financial centers. From a turnover in foreign securities on the Exchange of barely $3,500,000 in 1913, the turnover today is at the rate of close to $1,000,000,000 a year. American dollars are in demand everywhere and there seems to be no discrimination against them anywhere, even though there do exist abroad certain prejudices against our nationals. This, however, is a phenomenon met with everywhere and at all times. Western Europe, for instance, in the days when Russian financing was popular, had a favorite phrase to the effect that: "We do not like the Russian, but his ruble we love"; and the German would always exclaim: "We do not like the Frenchman but his wines we adore." The various foreign countries which come to us for financial accommodations feel similarly with respect to the United States dollars and the United States nationals.

Nearly 14.5 Billions Invested Abroad

We have thus far succeeded in sending abroad in one form or another approximately $14,500,000,000, and there is no end in sight to this great migration of capital. According to certain international bankers, "our lending abroad has just begun." We are probably going to import from now on foreign government internal loans on a much larger scale than heretofore. A beginning along these lines has just been made with the listing on the New York Stock Exchange of the British Government Funding Loan. Commenting on this transaction, Mr. Simmons stated in part as follows:

> "By listing the Funding 4% Loan, the New York Stock Exchange will provide American institutional and private investors with a readier access to considerable amounts of securities of a State whose credit record is unimpeachable. An extensive public market in securities of this character simultaneously in two great financial centers will tend to stabilize values, and will offer to industry and commerce a convenient means of settling trade balances."

With United States Government bonds quoted at prices at which the yield approximates less than 3.50%, it appears that the discrepancy in the return between United States issues and such first rate bonds as those of the United Kingdom, is not altogether warranted. It is primarily for this reason that British bonds are expected to meet with favor in this market and that currency issues of other European governments might follow. This will of necessity be a somewhat slow process because the violent fluctuation of European exchanges are still fresh in our minds, and even though the majority of continental currencies have either been definitely stabilized or have been stable for a sufficiently long period to warrant one's confidence in them, the American investor is likely to be skeptical in regard to foreign internals. However, as soon as he will have satisfied himself that the days are gone of European currency inflation and the activities of the printing presses turning out fantastic amounts of worthless notes without any thought of adequately covering such notes, he will, in all probability, commence to look in a different light upon Europe's obligations payable in a currency exchangeable into gold.

Variations in Markets

With all obstacles incident upon the execution of orders in issues traded in on the various foreign markets, practically eliminated, the careful investor will naturally purchase securities wherever they are cheapest. Despite the existing financial and economic interdependence between one nation and another, securities markets do not generally move uniformly. We may have pronounced strength in one market and weakness in another, or we may witness low returns on a certain class of securities on one Exchange, and liberal yields on identical groups of issues in another market. Those who are equipped to closely follow such developments are in a position to benefit from such conditions, and in consequence contribute appreciably towards the stabilization of values in the various markets in question.

Why, for example, should an investor buy Dessauer Gas (Deutsch Continentale Gasgesellschaft) on a 3.60% basis, when Detroit Edison is available on a 4.28% basis? Or why should we acquire Leonhard Tietz on a 2.27% basis when May Departments Stores yields 5%? Or why should we prefer Siemens & Halscke on a 3.68% basis to Westinghouse on a 3.96% basis? Similarly, why should one acquire domestic bank shares on a 2%-5% yield, when first class European bank stocks yield 6% and over?

In connection with the above, it is of interest to refer to comments published in Viennese financial journals regarding the operation of Austrian banks during 1927. "The profits of the banks," remarks one observer, "seem chiefly

to have been attained through employing their capital abroad—a recourse frankly ascribed to the impracticable condition of the Vienna Bourse . . . . . this inertia of home financial markets has been increasing the number of Austrian speculators operating at London, Paris, Brussels and Berlin instead of here in Vienna. It is true, however, that the more cautious international capitalists, not liking the "hothouse air" of the American Stock Exchanges, are beginning to retire from foreign activities."

Growth of Foreign Trade and Investments

A table exhibiting the expansion of American foreign trade during the past fourteen years and the growth of our foreign investments should prove of especial interest. It is noted that our total trade for the past year aggregated $9,049,183,955 as compared with $3,902,900,051 in 1914, a gain of about 132%. In other words, if our 1914 figures are taken at 100, the 1927 figures stand at 230.75.

Our investments abroad, taking 1915 figures at 100 (our foreign investments in 1914 were insignificant), stood last year at 161.62. It is obvious that the growth of our foreign commerce is in a large measure attributable to the increase in our foreign loans. To be sure, the principle that "trade follows the dollar" has not been proved conclusively, that is, foreign investments have not risen in proportion to the rise in our foreign commerce, but it is none the less safe to assert that the latter would not have grown to the present figures, had not our foreign loans enabled the various nations to make increasingly heavier purchases from us. *The most striking feature of the accompanying table is the fact that our total foreign investments made within the past fourteen years together with our political loans to foreign governments almost exactly correspond to the aggregate excess of exports from the United States over imports into this country during the same period.* This is to say, our foreign loans enabled, first, foreign countries to absorb our surplus production, and secondly, to pay therefor.

However, with the pronounced growth of our investments in the different parts of the world and with the likelihood that our lending will continue on at least as large a scale as heretofore, the question might perhaps be asked as to how much further we can go with impunity. Is it possible that certain of our foreign loans which are offered today as fundamentally sound, will some day prove "golden idols on feet of clay?" Will Europe and the rest of the world be in a position to repay all the billions of dollars which have thus far been lent? Of course, as long as nothing happens to interfere with the payment of interest, and occasionally, with the payment of sinking funds on loans extended to foreign borrowers, few will be inclined to heed whatever warning may be issued by those who base their judgment of the future by what has transpired in the past.

Is Current Information Sound?

For the time being, however, we find only very few who volunteer accurate information to the investing public as to past records of present or prospective borrowers. What our investor learns about past fiscal records is hardly anything outside the data presented in the prospectus, and prospectuses are generally prepared for the purpose of disposing of issues rather than of educating the investor. Such procedure appears quite necessary, especially in the case of the sale of bonds at prices which do not seem to fully correspond to the prevailing economic and financial conditions in the countries in question. It is for this reason that we read in a prospectus descriptive of an external loan issued on behalf of a European borrower on a 4.80% basis, that the country in question had never defaulted. As a matter of fact, the country referred to can point to at least three bankruptcies. High quotations and correspondingly low yields unfortunately create the impression that the credit standing of the borrower had improved sufficiently to warrant new and favorable terms. Very often, however, we find that the price improves faster than the credit. It is for these reasons, too, that the foreign securities market presents a number of curious anomalies. A German State, for example, is contracting a short term loan in this market at a slightly better than 6% basis whereas the same state is selling in the home market a gold loan on an almost 8% basis. The loan in question is a 5-year 5% note issue, offered to the amount of about $12,500,000 at 95%, maturing June 1, 1933, at 110%. Similarly, a German city 6% loan is quoted here at 93-94, while similarly prominent German municipalities are offering gold loans on a better than

(Please turn to page 434)

Foreign Trade and Foreign Investments

(in millions of dollars)

Year	Imports	Exports	Total Trade	Index	Foreign Investments	Index
1914	$1,789	$3,903	$3,903	100.00	$38	.....
1915	1,779	3,555	5,334	136.00	1,276	100.00
1916	2,392	5,483	7,875	200.79	1,389	108.34
1917	2,952	6,234	9,186	234.24	652	50.86
1918	3,031	6,149	9,180	234.09	521	40.64
1919	3,904	7,920	11,824	301.54	620	48.36
1920	5,278	8,228	13,506	344.40	576	44.93
1921	2,509	4,485	6,994	175.20	626	48.83
1922	3,113	3,832	6,945	187.10	870	67.86
1923	3,792	4,167	7,959	202.98	544	42.43
1924	3,610	4,591	8,201	209.10	1,589	123.94
1925	4,227	4,901	9,137	228.86	1,730	135.58
1926	4,431	4,809	9,240	235.62	1,892	147.58
1927	4,184	4,865	9,049	230.75	2,072	161.62
1928 *	1,071	1,205	2,276	.....	302	.....

***January to March.**

Looking Ahead While Accumulating Wealth

How to Prepare an Estate so That It Can Be Passed Along to the Greatest Advantage of the Heirs—Practical Pointers on Making the Will, Saving Inheritance Taxes and the Use of Insurance

By STEPHEN VALIANT

A TRIBUTE is due to men and women in America who "make money."

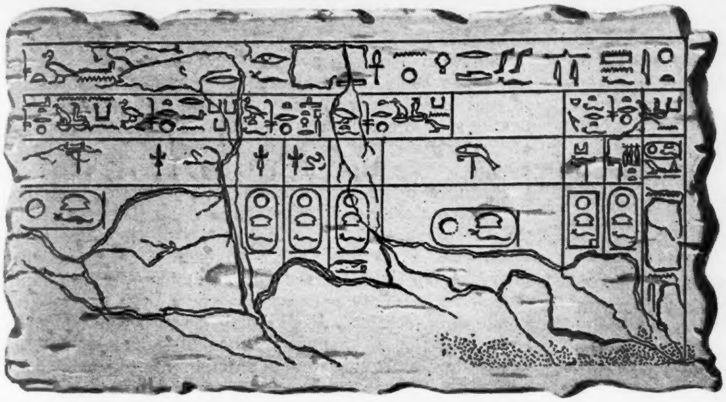
In a world that has taken a fancy to pointing a finger of scorn at American money-makers, it is regretable that their cause has so long remained unchampioned. With all its evils, socially and esthetically, there is a phase of "materialism" that remains hidden like the proverbial light under a bushel. This is the sincere unselfishness that motivates the majority of men and women who are openly and honestly accumulating their fortunes for the welfare, happiness and protection of their loved ones; eagerly fighting the battles of life; willingly making sacrifices of their ambitions and ideals; not for their own personal gain, but for the sake of the future perpetual welfare of their dependents and heirs. Surely so wholesome an endeavor hardly deserves the fate of being laughed out of court on the grounds that it is "soulless materialism."

The great misfortune about accumulating wealth is not that it is carried too far, but literally, that it is not carried far enough. For, so many examples, both familiar and distant, show us that the mere ability to earn a large income and accumulate a part of it, is in itself no guarantee of the future welfare of those whose happiness we seek to perpetuate. Unless adequate preparations are made at the right time, a large portion of an estate may be lost in the transition from the maker of the estate to the heirs. To accumulate and conserve wealth is not enough to accomplish the ultimate purpose of assuring the material welfare of dependents; estate building must also comprehend the most effective means of turning over the full benefits of the estate to those for whom it was originally accumulated.

It is highly essential, therefore, while accumulating money that we look ahead and make some provision for the actual settlement of the estate which we are so busily adding to day by day. It is not sufficient to decide in our own minds how one would like to have his estate divided up; to know in a general way who should supervise the settlement of the estate; to have some idea whether the income that the estate will earn is adequate or whether the principal should be turned over to the heirs in annual sums. The uncertainties of life are always too imminent to depend upon indefinite arrangements. Most men have carefully considered all these problems of the future, but the astounding thing is that so few have made these arrangements in valid and binding form; writing them into their wills and arranging their fortune so that it is possible to conserve its fullest advantages in the actual transition after death.

Definite Provision Essential

It is this inability to see what tomorrow will bring that is responsible for the fact that the majority of estates are almost entirely dissipated within a decade after the death of their maker. Statistics which there is every reason to accept as accurate summarize the actual experience of losses in the settlement of estates with the result that 90% of estates of $5,000 or over are dissipated within ten years. More than not, the cause for this dissipation of wealth is the lack of foresight by the maker of the estate.



(Above) Portion of a will which archeologists believe to be the oldest will in the world, having been drawn by an Egyptian Prince, Ne-kau-Re, son of King Khafre, who built the second of the pyramids at Gizeh. Freely translated, the inscription states that Ne-kau-Re, "while living upon his two feet without ailing in any respect" commands that he has given certain parcels of his vast estate to his "beloved wife," his son, his daughter and another beneficiary whose identity has been obliterated by the ravages of time. The will was chiseled into a stone wall of an ancient Egyptian tomb around 2845 B.C.

This thoughtlessness assumes many different forms. People still die without making a will, in spite of the fact that practically everyone *knows* that the absence of a will opens up many avenues of loss and waste in settling financial matters after death. Others still consider that the appointment of an executor is a mark of respect and favor and name a close friend on this basis alone, without any regard for the business ability or the judgment in financial affairs of the favored friend. All sorts of financial frauds are being perpetuated on heirs who are on record as having just come for a "wind-fall" and will continue to be perpetuated as long as people fail to provide honest and competent management for funds which are passed on into inexperienced hands.

Lacking one or all of the common sense safeguards suggested above, men leave their estate with assets that are perfectly sound when coupled with their own personal management, but which have a doubtful value in the hands of inexperienced dependents; typical examples of such assets being a business partnership, a large interest in speculative or closely held securities, mortgages or other investments that cannot be readily converted for cash. Last, but by no means least of all the faults of omission in planning an estate, is the absence of life insurance in at least sufficient amount to meet cash demands in connection with death and sickness expenses, taxes and other demands upon the estate that must be met in cash, and immediately.

Why Make a Will?

Of all of the above causes for "leaks" in an estate, the most important and the one that there is least excuse for neglecting under any circumstances is the making of a will. A will is not only an effective means of protecting your estate while it is being transferred, but it also provides an assurance to the creator of the estate that his wishes will be carried out concerning the ultimate disposition of the estate. A will is the only guarantee that all of the benefits, material and spiritual, that the maker of the estate sought when he first started to accumulate wealth, will be obtained by the loved ones whom he desired to protect. The will designates an executor who in turn receives his instructions from the document.

The "will" of the deceased is thus carried out concerning the disposition of his hard won wealth just as though he were present to supervise the settlement of his affairs. If there is no will, an administrator is appointed by the courts who in turn is limited in his division of the property in the manner provided by the law. These laws, assuming many different forms in various states, obviously represent too detailed a problem to be considered here, but there is one generalization that should be emphasized:—these statutes are hard and fast rules, which by their very inflexibility usually fall far short of the exact wishes of the maker of the estate, and frequently work hardships and injustice on the heirs he sought to provide for with a knowledge of and sympathy to their needs.

Legal Advice

As to the manner of making a will, the advisability of consulting a lawyer is another generality that may be stressed. It is the business of your lawyer to draw up your will; it is your responsibility to place the matter in the hands of a competent counsel and then take advantage of the opportunity to make a complete disclosure about your business and personal affairs, your wishes concerning the disposition of the estate; your selection of an executor or executors; your ideas about suitable investments. He alone should advise you on the legal considerations involved, and he alone should draw your will. A will that does not meet legal requirements may be worse than no will at all.

Having assured yourself that your will is to be made legally sound by consultation with an experienced lawyer, then there are broader considerations to ponder. Is there any litigation likely to be brought by any of the heirs that would drain the estate to defend, and how can the estate be adequately protected against this contingency? In a general way, what is the qualification for each beneficiary for handling any portion of the estate which he or she may receive in the way of age, experience, character, business judgment and financial training? Is the estate, as it is now invested,

in suitable form so that each heir will receive the proper kind of inheritance? Should your wife, son or daughter receive the principal of their legacy or should it be placed in trust so that they would be able to obtain an income without the responsibilities of management? Is there any assurance that the estate will have sufficient cash assets in the hands of the executor to avoid sacrificing the cream of your investments to pay cash expenses?

Choosing an Executor

These questions will raise other problems which a moment's reflection will show to be highly important should they arise after you have passed beyond and could not pass judgment upon. Unfortunately the will comprehends conditions and circumstances only as they exist at present and not as they may exist in the future. So the next important consideration is who shall take your place as the executor of your estate and the manager of your affairs in so far as the material welfare and comfort of your loved ones are concerned after your departure. The selection of an executor is no occasion for the bestowing of favors or "a mark of esteem and affection" on a close friend or relative. The ability to serve your wishes and the experience and willingness to handle a multitude of complicated details should be the deciding factors.

"THE uncertainties of life are always too imminent to depend upon indefinite arrangements. Most men have carefully considered all these problems of the future, but the astounding thing is that so few have made these arrangements in valid and binding form; writing them into their wills and arranging their fortune so that it is possible to conserve its fullest advantages in the actual transition after death."

Every national bank and, of course, trust companies and state banks, are empowered to serve as the executor of your estate and are perhaps better equipped than any individual that you could now point to as a likely candidate. The trust departments of these institutions never die, never move out of the community, never find themselves overburdened with the weight of their own affairs, and seldom are unwilling to accept the responsibility of estate management—qualifications which few individuals could meet and at the same time offer a full measure of training, experience, and the absence of prejudice in the favor of or against any of the heirs to share in the benefits of the estate.

All of these considerations point to the advisability of naming an institutional executor for your estate, to be selected on the record which it has established in its past trusteeship and estate management. The fees of the executor are fixed by law and it costs no more to obtain the services of the best qualified executor than for the least qualified. Furthermore, there is a way of taking advantage of the special knowledge of your affairs and the personal sympathy toward the members of your family which a friend or relative may have without commanding too much of his time and thought on the details of the estate. Such an individual may be appointed as co-executor with the bank or trust company. If the special interest of your wife in the personal welfare of the other heirs would make her cooperation in the settlement of the estate desirable, she may be named as co-executrix. Especially if she is intended to be the most favored beneficiary, the additional fees for her perfunctory services would represent no dissipation of the assets of the estate.

The wealth of the average man or woman is represented in their own business or partnership interests, in real estate, in securities or in life insurance. In the drawing of the will, a provision must be made for each of these items, for each are disposed of in a different manner. Whether or not it is desirable to liquidate or perpetuate business interests or real estate holdings is a matter that will be determined largely by individual circumstances. In the event that they are to be liquidated, it is frequently adviseable to make such provision at the time the will is drawn through liquidating agreements or sales contracts with one's living business associates. If the business interests are to be continued for the benefit of the heirs, it is sometimes desirable to provide for a capable manager of one's active business interests; someone with a special knowledge of the requirements of the business who can supply the experienced management factor that departs with the decease of the maker of the estate.

The Investment Problem

The investment problem can be easily solved through the creation of a trust whereby the selection and care of one's securities is placed in the hands of a trustee who in turn is guided in the making of investments by the stipulations of a trust agreement. The trustee may be allowed no latitude whatever or it may be granted full authority and discretion in the selection of investments. Most state laws confine a trustee to certain specified securities that are "legal" for estates and trust funds unless specific waiver is granted in the trust papers. These securities are usually high grade investments and pay a comparatively low rate of income, and if this limitation is undesirable it may be lifted by the maker of the trust.

In fact a trust agreement may be made the broadest kind of an instrument; it may become operative prior to the death of the maker or after his death; it may have unlimited authority for making investments; holding and managing real estate; paying stipulated or unstipulated sums to the heirs; provide for the education and living expenses of the children; or conduct any other service, charitable or commercial, that is mutually agreeable to the trustee and the maker of the trust.

Inheritance Taxes

In the selection of securities that are to be handed down to one's heirs or that will become a part of the estate, there is one important factor to consider. A substantial portion of many large estates is absorbed in inheritance taxes, part of which frequently could be avoided by a more judicious selection of investments during the lifetime of the maker of the estate. In the first place all estates with a net worth of $100,000 or over are required to pay an inheritance tax to the Federal Government. In the second place, unless the

decedent lives in Alabama, Florida or Nevada, he may be required to pay an inheritance tax to the state of his residence at the time of his death. These taxes apply to all kinds of property including securities.

In addition to these general taxes, certain common stocks are likely to involve the estate in a multiplicity of taxes imposed by various states on the same security. In the eagerness to bring their income through taxation to a maximum, various states have made it a practice to collect inheritance taxes on stock holdings if the corporation is chartered by the laws of the state, whether or not the individual shareholder is a resident of the state.

This would mean at least two taxes in addition to the Federal tax, one to the state of residence and another to the state in which the corporation is incorporated. Shares of stock in a company such as New York Central, which is incorporated in six states, is open to considerable duplication of state taxes against inheritance. The exact amount of these taxes depend on complicated state laws relative to inheritances, the relationship of the beneficiary and other factors which make a detailed exposition of the inheritance tax situation impracticable in this article. In a general way, it is worth mentioning however, that the securities of Delaware, Alabama, Maryland, New Jersey, Nevada, Florida and Nebraska corporations are desirable from an inheritance tax standpoint because these states have no inheritance taxes or impose no inheritance taxes on non-residence estates.

In a number of Western states, domestic corporations are not permitted to transfer stocks for an executor or an estate unless a waiver is first obtained; this being the method whereby the state is able to effect its collection. Such transfers, in addition to the cost of taxes, involve considerable delays and extra expenses for fees and costs of legal proceedings, all of which add to the aggregate drain upon the assets of the estate. In addition to the stocks of the states mentioned above, it is well to remember that coupon bonds involve no such delays and expenses in view of the fact that they may be sold without the necessity of transfer on the books of the corporation of issue. The securities which are listed in the accompanying table have been selected from the standpoint of being particularly desirable from an inheritance tax standpoint as well as their investment merits and will serve as a guide to the investor on both considerations.

Estate Building Through Life Insurance

Life insurance has been widely used for estate building for many years but new methods of using it with increasing effectiveness are constantly being found. Life insurance is one of the surest ways of providing an estate with a sufficient amount of cash to meet the expenses of the sick bed, burial costs, payment of debts standing against the deceased, taxes and other costs that must be met at once and in cash. Every prudent man or woman should start his life insurance program with this essential need satisfied. In addition, there are certain tax exemption considerations that make life insurance desirable in large amounts. This factor, plus the immediate payment of death benefits, has led to the popularity of "million dollar policies" during the past decade.

An advantage of life insurance is the fact that it may be made payable directly to the designated beneficiaries without being held up in the settlement of other affairs involved in a complicated estate. It may be paid in a lump sum, furthermore, or it may be held in trust by the life insurance company and paid out as income to the beneficiary. There is little likelihood of waste or delays in obtaining payments through litigation, if the life insurance benefits are so placed that they will go directly to the beneficiary named in the policy. If desired, the proceeds of life insurance policies may be made payable into a general trust fund or to become a part of the general estate to be disposed of as stipulated in the will or in a separate trust agreement if the "life insurance-trust" plan is used.

Many men with a high earning power or a prosperous business that is dependent largely upon their personal management realize that their personal contribution to the fortunes of the family must be replaced in the event of their death lest the income available to their dependents suffer. Life insurance is an ideal medium for replacing this lost earning power, in much the same way that fire insurance may replace the property that a corporation loses through a conflagra-

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A Self-Sustaining Investment—Insurance Fund

INVESTMENTS

Amount	Description	Cost at Recent Prices	Annual Income
	—Bonds—		
1 M	Anaconda Copper 1st cons. 6s, 1953	$1,040	$60
1 M	Baltimore & Ohio ref. & gen. 6s, 1995	1,090	60
1 M	Chesapeake Corp. convt. 5s, 1947	980	50
1 M	Consolidated Gas of Baltimore ref. 6s, 1947	1,060	60
1 M	Federal Light & Traction 1st 6s, 1942	1,045	60
1 M	Humble Oil & Refining deb. 5½s, 1932	1,015	55
1 M	Wabash Railway gen. & ref. 5½s, 1975	1,040	55
	—Stocks—		
10 sh.	Columbia Gas & Elect. 6% Pfd	1,060	60
10 sh.	Hudson & Manhattan 5% Pfd.	930	50
10 sh.	American Car & Foundry common	950	60
	Total	$10,180	$570

LIFE INSURANCE*

AGE 25	
Amount of Ordinary Life	$40,000
Value of Investments	$10,000
Total Value of Estate	$50,000
Income @ 6% per Annum	$3,000
AGE 35	
Amount of Ordinary Life	$30,000
Value of Investments	$10,000
Total Value of Estate	$40,000
Income @ 6% per Annum	$2,400
AGE 45	
Amount of Ordinary Life	$20,000
Value of Investments	$10,000
Total Value of Estate	$30,000
Income @ 6% per Annum	$1,800

**Showing the amount of Ordinary Life Insurance that would be purchased with an annual premium of approximately* $570 *a year, figuring premiums on average net cost for first* 10 *years.*

BONDS

In view of the expanding public interest in the bond market we have enlarged this department to meet the needs of all types of investors.

Special Points to Observe in Bond Buying

A Discussion of Technical Considerations and the Less Obvious Criteria in Appraising Bond Issues

By G. F. MITCHELL

THIS informative article on the more technical considerations of bond buying is in response to a large number of readers' requests for an elucidation of those standards by which bonds may be accurately valued. Its scope commends it to the novice as well as the more experienced investor

THE multitude of factors necessary for consideration in correctly appraising the present and potential worth of any individual bond issue renders it essential that the utmost care on the part of prospective purchasers be employed in giving due weight to provisions contained in the indenture, regardless of how insignificant they may appear on the surface. This, of course, to a large extent is the function of bond houses, statistical organizations, and advisory services which devote so much effort in the aggregate to analyzing and elucidating the intricacies of bonds for the benefit of their clientele, who, as a rule, cannot give the time necessary to a thorough knowledge of such matters, but naturally the more an individual investor can familiarize himself with the salient points involved and be able to differentiate between essential and non-essential details, the better able will he be to place his funds to the best advantage at all times, and in a manner best suited to his particular needs. Such investors can then utilize professional advice with more efficacious results than in the case of the less sophisticated type entirely dependent on the judgment of others.

It is not the purpose here to go into any extensive detail in regard to the ordinary criteria of what constitutes a desirable bond, but rather to point out less obvious features and their significance in relation to the whole. The fundamental factors in the former respect are the assets of the issuing company in comparison with the principal amount of funded debt outstanding, meaning the entire funded debt and not simply the particular bond issue under consideration; the margin of safety of earnings over bond interest, that is, all interest requirements and earnings applicable over a period of years rather than for the last fiscal year; the security behind the bond; and, above all, the character of the management as an index to the extent of future confidence warranted.

The Weakest Link

There are other important considerations, which, however, are more negative in character than otherwise, and more pertinent to the semi-speculative field. The question of the priority of one issue among several issues, for instance, or the question of possible dilution of equity through future sale of additional bonds, are points to be carefully watched, but they are after all secondary from the investment point of view, for, in the last analysis, a chain is only as strong as its weakest link, and consequently no bond, no matter what its security and even if it enjoys senior rank, is entitled to a high grade rating, if any doubt exists as to the safety of the lowest ranking bond of the same company. This may be qualified to some extent in cases where the junior lien is represented by adjustment or income bonds, interest payments on which are contingent on earnings or restricted in one way or another to a figure below the full face amount for a certain period. Such issues are for the most part outgrowths of reorganizations, particularly railroad reorganizations, and in reality are not bonds at all in the true sense, partaking more of the nature of stocks except for the junior mortgage usually attached. Interest at the full rate may be cumulative or become cumulative after a specified date. Where such bonds are issued, the senior securities for all practical purposes may be entirely sound, as is the case with certain issues of Chicago, Milwaukee & St. Paul now assumed by the road under its reorganized name, Chicago, Milwaukee, St. Paul & Pacific.

The income bond in its early stages, although not suitable for purely investment purposes, is an interesting form of issue from the point of view of potential profits, for it is designed primarily to conserve earnings during the years immediately following a reorganization, and if the properties are of a character which under normal conditions should produce good earning power, the thorough-going "house-cleaning" entailed in the reorganization is of material assistance in paving the way for a restoration of that earning power. Under such circumstances, the income bond over a reasonable period of years is not unlikely to assume the aspect of a regular funded obligation and in time perhaps sell on an investment basis. It has advantages over the preferred and common stocks in that it must receive the full interest payments to which it is eventually entitled before any dividend action can be taken. If earnings in due course warrant an adequate rate of dividends on the stock, market appreciation in the latter naturally will be considerably greater, but even so the income bonds constitute a far more conservative speculation than the stock, and enhancement in value, though perhaps on a smaller scale, will take place sooner if a sustained upward trend in earnings develops.

One of the most important provisions of bonds as such, without regard to the physical aspects of the company and their bearing on the funded debt, is

concerned with the redemption feature. Some bonds are non-callable, but they are in the minority and usually of long standing, as virtually all new issues at the present time make some provision for retirement for all, or part, of the outstanding amount before maturity, at the discretion of the company. As a result of the strength in the bond market in the last year or so, potential redemption has exerted a powerful influence upon prices of bonds of a certain type, principally investment issues bearing interest rates of more than 5%, and with good reason, for advantage of the favorable terms upon which money could be borrowed was taken by refunding with lower coupon bonds on a considerable scale. The right of redemption at a moderate premium over par value tends to restrict the price of a high coupon bond, maintaining it within striking distance of the call price even though entitled to materially higher levels on a purely investment basis. If unusual demand advances the market well above the call price, the purchaser at that juncture is risking a loss in principal in the event of redemption, but otherwise he may be obtaining a bond with a yield higher than the average for its class.

It should likewise be ascertained whether redemption is at a flat price or, as is often the case, whether it is subject to periodic reduction in premium until maturity. Unless there were strong reason to believe that a bond would not be called, it would be unwise, for instance, to purchase at 105 or more an issue callable at 105 if the redemption price were to be reduced at the next interest date. There are, on the other hand, bonds whereon the redemption provision does not become applicable until some future date, in which case more freedom is often exercised in forcing the market up through investment demand. The Northern Pacific Refunding & Improvement 6s of 2047, for example, have during the present year sold more than six points above their callable price of 110, but no redemption can take place until 1936 and thereafter, with the result that less attention is paid to this provision as far as restricting price advances is concerned. That it has exerted some influence, however, is shown by the yield always in excess of 5% as against materially lower yields on bonds of other series, secured under the same mortgage but bearing lower interest rates. In specific instances, therefore, it is possible to secure a return above standard through the restrictive effect of a deferred redemption provision which cannot be put in force for nearly a decade.

Sinking Fund Provisions

Information in regard to redemption is not complete without a knowledge of the sinking fund provisions. The sinking fund, of course, is designed to retire a certain proportion of outstanding bonds prior to maturity, thus enhancing the equity behind the unretired balance. While provisions vary widely in each individual case, they usually call for setting aside a definite sum periodically to be applied to the purchase of bonds at a price at or below the then prevailing redemption figure, if so available, but otherwise to be applied to the redemption of bonds in the required amount. The holder must consider the possibility that his particular bonds will be called for sinking fund purposes, and, in this connection, he should ascertain whether the call price for sinking fund is the same as that for ordinary redemption. Although generally identical at any given time, they are not necessarily so, and, furthermore, an issue may be redeemable at some future date but at the same time subject to immediate call for sinking fund. The sinking fund, accordingly, may play a part both constructively and destructively in determining the desirability of a bond.

It seems almost too obvious in an article of this kind to bring up the subject of maturities as a factor in bond values, and yet the question is repeatedly asked why, for instance, a 6% bond of a company of undoubted strength, selling at 103 and maturing in 1931, is not unusually attractive by virtue of a yield close to 6%, entirely overlooking the fact that this yield will be counteracted by a loss in principal averaging 1% annually. Bond yields are habitually calculated on a maturity rather than a straight basis, and as maturity approaches the spread between the two becomes increasingly marked.

Guaranteed Bonds

If a bond issue is assumed or guaranteed by another company, the guarantee generally becomes the all-important factor in determining its worth. It is naturally desirable to have such a bond well secured and well protected by earnings on its own account, but frequently in such cases earnings of the underlying company are not available, nor is knowledge of them essential provided that the assuming or guaranteeing company is of unquestioned standing. The nature of the guarantee, however, should be carefully observed. A bond may be guaranteed as to interest only, in which case it behooves the prospective purchaser to learn sufficient concerning the affairs of the issuing company itself to judge whether any difficulty will be encountered in meeting the principal when due. There is also another point to consider in connection with subsidiary obligations. Subsidiary issues, although ostensibly representing part of the aggregate capital structure of a holding company, are not necessarily guaranteed at all by the holding company, whose direct interest may be confined to the ownership of a majority of the common stock. This matter is essential to note in the public utility field, where the holding company form of organization has become so widespread.

Convertible Privilege

Another factor of paramount importance remains to be mentioned, which arises in connection with the existence of a convertible privilege or stock purchase warrants attached to a bond. Relative to the latter, it must be ascertained whether the bond is selling with or without warrants, but otherwise the governing principles are similar. If the stock of the company is so priced as to render the right to conversion or to the exercise of the warrants attractive, the situation will be reflected in the market for the bonds, which will be selling at a premium over their actual investment worth measured by

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¶ Note carefully all phases of provisions relating to redemption, especially in relation to market price.

¶ Ascertain whether any differences exist in redemption price in connection with sinking fund operations.

¶ Do not assume that subsidiary issues are guaranteed, or, if there is a guarantee, that it applies to principal as well as interest.

¶ Examine convertible features, if any, and appraise extent of their influence on market price.

¶ Where market is influenced by conversion, do not fail to convert or sell bonds prior to expiration of privilege.

Strong Industrial Bond at Attractive Level

A Well Protected Debenture of First Line Chemical Company

By VICTOR WELLS

THE recent lowering trend of the bond market under pressure of tightening money has brought many issues to levels which, by recent standards, are highly attractive. The bond discussed in this article is a case in point.

THE recent reactionary tendency in the bond market under the influence of advancing money rates has its compensations, at least from the point of view of the prospective investor, in that it has placed some entirely sound securities on a really attractive basis where a purchase may be made with confidence that, regardless of the immediate trend, they have been acquired on equitable terms. Some bonds have been affected more than others, and the best opportunities are to be found in those issues which have suffered a setback greater than the average for no fundamentally good reason, and which in the process have been brought to a point where the prevailing return provides an adequate income.

The American Cyanamid Company Debenture 5s of 1942 have declined from a high of 97 to around 92 on the New York Stock Exchange at this writing, returning at this level a yield to maturity of approximately 5.8%, as against a yield of only 5.3% earlier in the year. The bonds, authorized and outstanding to the extent of five millions, and, with the exception of a subsidiary issue amounting to 1.3 million, constituting the only funded indebtedness of the company, were issued last autumn in order to obtain funds for additional plant facilities designed to promote further diversification of products and for other purposes in connection with the program for future development.

Protecting Provisions

There are no mortgages on any of the properties of American Cyanamid as such, the subsidiary issue previously mentioned representing a mortgage on the properties of the Amalgamated Phosphate Co. There is, of course, likewise, no mortgage security behind American Cyanamid 5% bonds, but the issue has the benefit of various protective provisions, principal among which is that it must be equally secured with any future mortgage or pledge of property, except in the case of purchase money mortgages or pledges executed in the usual course of business for terms not exceeding one year. With the same qualifications, no present operating subsidiary will be permitted to pledge any of its property unless the indebtedness thus created shall be acquired and held by the company or a present operating subsidiary. There are also restrictions against disposing of any substantial amount of properties without the substitution of other assets of equal value or without utilizing the proceeds for the redemption of these bonds, and it is likewise provided that no dividends on the common stock other than stock dividends shall be paid out of net earnings or profits accrued prior to June 30, 1926. This last, of course, is designed to prevent impairment of Profit & Loss Surplus for dividend purposes.

The indenture provides for a sinking fund, payable in an amount sufficient to redeem $72,000 of the debentures semi-annually. The sinking fund will retire approximately 40% of the issue prior to maturity on October 1, 1942. The debentures are subject to redemption for sinking fund or otherwise at a price of 100 and interest, but if not through operation of the sinking fund, they cannot be redeemed in an aggregate principal amount of less than $333,000 at any one time. Restrictions against possible dilution of equities behind the bonds are not confined to the creation of future mortgages, for there is a further provision against even any additional unsecured indebtedness extending for more than three years, unless consolidated net earnings before income taxes for the two years immediately preceding shall have averaged at least twice interest requirements on the entire outstanding indebtedness contemplated.

The various restrictions governing the issue of new obligations, in conjunction with the financial and earnings record of the company, provide a strong basis for confidence in respect to safety of interest and principal. The balance available for interest in each of the last five fiscal years ended June 30, inclusive of 1927, was equivalent to more than three times combined interest requirements on the 5% debentures and on the Amalgamated Phosphate 6s, representing the entire funded indebtedness now outstanding, and earnings for the year just ending, while not yet available, are expected to make a better showing. Plant account in the last published balance sheet as of June 30, 1927, but after giving effect to the issue of the 5 millions of debenture bonds at a subsequent date, was carried at 17 millions, while net working capital was in excess of 7 millions. Even before inclusion of the proceeds of the bonds, working capital amounted to 4.8 millions, a figure almost equal to the total principal amount of debentures. In short, the position of the debentures in relation to the financial setup, as a whole, is conservative, and they are far from being a burdensome obligation from the standpoint either of assets or earning power.

Stability of Income

The most impressive feature of the company's operating results in recent years, especially from the bondholders' standpoint, has been the relative stability of income in the face of a demand for fertilizer anything but stable. This has been accomplished to a large extent through the assiduous development of a more diversified line of products and the utilization of by-products. The present strong position has not been achieved over night; it is a case of a slow process of upbuilding, aided materially by steady reinvestment of surplus earnings over a long period. Although organization of the company dates back to 1907, common

stockholders received no share of the profits until 1923, and even now only a conservative proportion of the available balance is being distributed in the form of common dividends.

Diversified Products

The principal products of the company include fertilizer cyanamid, Ammo-Phos, Aqua Ammonia, insecticides, prussiates of soda and potash, sand, asphalt filler dust; also crude cyanamid, Aero Brand Cyanide, and phosphate rock, basic products which are partially or wholly consumed in the manufacture of other commodities. Ability to turn out chemicals for varied uses, mining and industrial as well as agricultural, is the primary factor in the present stability of operations. Whereas profits were formerly derived principally from the sale of cyanamid, an essential component of several commercial mixed fertilizers, the company, although benefiting from the revival in the demand for fertilizer, is no longer dependent upon this particular type of business. Further efforts in achieving even greater diversification of output are constantly under way, and the debenture bonds are interesting in that the proceeds therefrom are a direct means of accomplishing this purpose. If a permanently larger earning power can be brought about in this manner, the bonds will have been instrumental in making possible their eventual retirement, perhaps well before maturity.

A potential but none too certain source of additional profits to American Cyanamid is to be found in the long pending future status of the nitrate plant at Muscle Shoals owned by the United States Government. The company has repeatedly bid for the operation of this property, and is a logical contender in that it operates the process for which the plant was equipped, and its own subsidiary, the Air Nitrates Corp., originally designed and built the plant. The political aspect of the situation is such that these bids so far have been uniformly rejected by Congress, but if the Government itself undertakes direct operation, it may be that the company will be in line to receive royalties from the use of its process. A bill for so disposing of Muscle Shoals was recently passed in Congress, but failed to receive the President's signature, and must be deferred until the next session.

Inability to arrive at a final settlement of the Muscle Shoals problem has had a temporarily depressing effect upon American Cyanamid, and the decline in the market for the debentures may have been somewhat greater on this account than would have been the case simply in reflection of the reactionary tendencies of the bond market as a whole. *Fundamentally, of course, there is nothing in the Muscle Shoals situation which would detract from the intrinsic merit of the bonds as an investment, and as long as they remain at a level below 93 or thereabouts, they may be regarded among the more attractive industrial issues available.*

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Government

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	103	5.3	5.3
Dominican 5½s, 1942....(a)	....	...	101G	99	5.5	5.6
Haiti 6s, 1952 ....(b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 ....(a)	....	...	100	100	6.0	6.0
Chile 6s, 1960 ....(a)	....	...	100	95	6.3	6.4

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	97	4.6	4.6
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	4.75	110	91	4.4	4.6
Illinois Central 4¾s, 1966....(a)	....	2.25	102½GT	100	4.7	4.7
Pennsylvania 5s, 1964	....	2.78	105T	104	4.8	4.8
Central Pacific Guar. 5s, 1960....(a)	....	2.58	105GT	102	4.9	4.9
Southern Railway Dev. & Gen. 6s, 1956.	133.8	1.90	....	115	5.2	5.0
Great Northern Gen. A 7s, 1936....(b)	139.8	2.64	....	113	6.2	5.0
Missouri Pacific 1st & Ref. 5s, 1977..(a)	125.2	1.32	105A	100	5.0	5.0
Cuba R. R. 1st 5s, 1952....	....	3.07	....	99¾	5.0	5.0
Western Pacific 1st 5s, 1946....(b)	....	2.29	100	99	5.0	5.1
Central of Georgia Ref. 5½s, 1959....	31.1	1.80	105AG	107	5.1	5.1
Chesapeake Corp. 5s, 1947....	....	2.45	100	98	5.1	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 ....(a)	59.6	2.49	107½	106	5.2	5.2
Northern Pacific Ref. & Impr. 6s, 2047 ....(a)	166.7	2.32	110G	115	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	104	5.3	5.2
Wabash Ref. & Gen. 5½s, 1975....(a)	62.4	2.02	105AG	104	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	109	5.5	5.3
Minn., St. Paul & S. S. M. 1st 4s, 1938.	....	1.17	....	88	4.5	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 ....(a)	284.2	1.56	107½AG	109	5.5	5.5
Vicksburg, Shreveport & Pac. Ref. 6s, 1973 ....(d)	2.0	X	107½AT	103	5.8	5.8

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.6	1.95	105T	102	4.9	4.8
Hudson & Manhattan 1st Ref. 5s, 1957 ....(b)	5.9	2.11	105	101	4.9	4.9
Montana Power Deb. 5s, 1962....(a)	34.7	2.62	105T	100	5.0	5.0
Columbia Gas & Elec. Deb. 5s, 1952....	....	6.96	105T	99	5.0	5.0
Utah Power & Light 1st 5s, 1944....	....	1.86	105	100	5.0	5.0
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.69	....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 6½s, 1945.(a)	....	4.09	106T	106	5.2	5.0
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	2.41	107½T	108	5.5	5.1
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.76	105	96	5.2	5.4
Consol. Gas, E. L. & P. of Balt. 1st Ref. 6s, 1949 ....(a) (c)	32.2	2.69	107½T	106	5.6	5.5
Phil. Rap. Trans. 6s, 1962....(c)	10.0	1.21	105	104	5.8	5.7
Amer. Water Works & Elec. Deb. 6s, 1975 ....(5)	12.7	1.33	110	104	5.8	5.8
Twin City Rap. Transit 1st & Ref. 5½s, 1952 ....(b) (d)	4.4	2.30	105T	95	5.7	5.8

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947 ....(c)	....	15.39	104AT	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937....(a)	....	4.80	103T	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 ....(a)	....	4.12	105T	100	5.0	5.0
International Match Deb. 5s, 1947...(a)	....	6.16	103T	98	5.1	5.1
Amer. Chain 6s, 1933 ....(a)	....	6.87	105	103	5.8	5.2
Chile Copper Deb. 5s, 1947....(a)	....	6.26	102T	95	5.3	5.4
Sinclair Pipe Line 5s, 1942....(a)	....	4.27	103	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948....	101.3	2.33	105	104	5.8	5.7
Amer. Cyanamid Deb. 5s, 1942....	....	4.10	100	93	5.4	5.7
Loew's Inc. 6s, 1941 (ex warrants)..(a)	....	6.70	105T	100	6.0	6.0
U. S. Rubber 1st & Ref. 5s, 1947....(b)	2.6	2.60	105A	88	5.7	6.1
Schulco B 6½s, 1946....(a)	4.0	X	103T	102	6.4	6.3

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Standard Milling 1st 5s, Nov. 1, 1930...	....	4.75	....	100¼	4.8	4.8
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 ....(a)	17.3	2.49	102	101⅜	5.9	5.5
Central of Georgia Sec. 6s, June 1, 1929.	31.0	1.80	101AT	100½	6.0	5.5
Georgia, Carolina & Nor. 1st 5s, July 1, 1929	....	1.28	....	99⅛	5.0	5.9
Sloss-Sheffield P. M. 6s, Aug. 1, 1929...	1.6	6.79	105	100	6.0	6.0

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Electric Bond and Share

Parent of Great Utility Group Performs Unique Function in Extensive Electric Systems

Securities Corporation Stock Still Out of Line with Utility Market

By WALTER G. HORNER

WHILE the unusual market activity in Electric Bond & Share Securities Corporation common stock on the New York Curb during the present year has been the means of attracting a greater degree of attention to the Electric Bond & Share Co. on the part of the rank and file of the investment public than heretofore, there is probably a much smaller percentage of this public having a real comprehension of the significance of the organization and its vital position in relation to the public utility industry. Although of long standing, it is only some three and a half years since the junior shares were first opened up for public participation in their ownership through segregation of the enterprise from its original creator, the General Electric Co. Electric Bond & Share is a holding company but with functions far different from those of the typical public utility holding company, functions materially broader in their general scope but narrower in respect to the actual proportion of securities of associated companies held.

"Electric Bond and Share Group"

These associated companies are themselves public utility holding companies in the sense ordinarily signified by that general term. Although entirely separate entities they are known in the aggregate as the "Electric Bond & Share Group" through their common affiliation with that central organization which has played so large a part in developing them to their present state of efficiency. Principal among them are American & Foreign Power, American Gas & Electric, American Power & Light, Electric Power & Light, and National Power & Light. American & Foreign Power is the only one in which a controlling interest is held, and Electric Bond & Share consequently is more closely tied up with the affairs of this interesting enterprise than with any other single organization, even though tangible returns on a substantial scale from this source lie largely in the future.

Electric Bond & Share Securities Corporation came into existence in 1925 in connection with the segregation of ownership from the General Electric Co., which created Electric Bond & Share Co. and had had exclusive possession of its common stock equity during the entire period since organization in 1905. The original idea was the formation of a separate company to allow greater latitude in the development of miscellaneous public utility properties in which General Electric had acquired an interest in connection with its primary function of electrical equipment manufacturing. From this modest beginning has evolved an organization supervising the activities of companies doing approximately 12% of the entire electric business in the United States as well as extensive foreign business, and with book assets well in excess of 100 millions but having an actual value far greater.

The capitalization of the Securities Corporation, which in effect controls Electric Bond & Share through ownership of the entire common stock, was so designed as to provide no par value shares equal in number to the outstanding common shares of General Electric prior to the splitup, in order to facilitate the distribution to General Electric stockholders on a share for share basis. There were, accordingly, 1,802,870 shares of Securities Corporation stock, but, as the result of a recent offering, this has now been increased by 33⅓% to 2,403,827 shares. This constitutes the sole capitalization of the Securities Corporation, but Electric Bond & Share Co., in addition to its own common stock all held as already pointed out by the newer organization, has an issue of 6% preferred stock, dividend requirements on which are, of course, deducted before arriving at the balance of earnings available for the Securities Corporation. The preferred has been employed from time to time as a medium for new financing and ranks as a high grade investment.

Many Functions Fulfilled

The activities of Electric Bond & Share take various forms. It acts in an advisory capacity in respect to the operations, financing, and engineering of the associated companies already enumerated. It likewise engages in the planning and actual construction of the properties of the operating subsidiaries of these companies. It advances capital, manages consolidations and reorganizations, and takes charge of marketing securities issued by the various affiliated organizations, in addition to buying, holding, and selling such securities at its discretion. Income is derived from remuneration for these varied services, dividends and interest on securities owned, payments for construction work, and profits from security sales. The principal and most dependable sources of profits are dividends on stock holdings and supervision. Earnings from appreciation in securities sold, consolidations, and reorganizations are of an irregular character. They ran into material proportions in 1925 and 1926 when recapitalizations of the associated companies were the rule rather than the exception, a fact largely accountable for the decline in income recorded as a result of 1927 operations.

A transition is gradually taking place in the relative importance of the two main sources of income. Remuneration for supervisory service is the largest item, but as the units in the group reach a continually higher

standard of efficiency from year to year, the necessity for supervision on the present scale will become correspondingly reduced, while in the meantime the steady expansion in scope of electric operations and earnings should be reflected in more liberal dividend payments, thus rendering more lucrative the security holdings of Electric Bond & Share. There are two factors which have a constant tendency to keep actual returns from stock ownership at a conservative figure in relation to the true worth of these investments. The exigencies of expansion render it advisable and the customary policy to pay out only a modest proportion of annual earnings in the form of cash dividends, with the result that the cash yield in many cases is little more than nominal. Furthermore, the actual equity in earnings of affiliated enterprises does not appear in the income statement of Electric Bond & Share, which includes therein only dividends actually received on its stock holdings. In the case of the associated companies, the prospect of constantly enhancing equities and consequent appreciation of principal in the long run counteract the disadvantage of the small cash returns. This policy of conservation of cash resources is reflected in cumulative fashion in the income account of the central organization in that it contains no surface indication of the undistributed earnings of the public utility group which contributes to it.

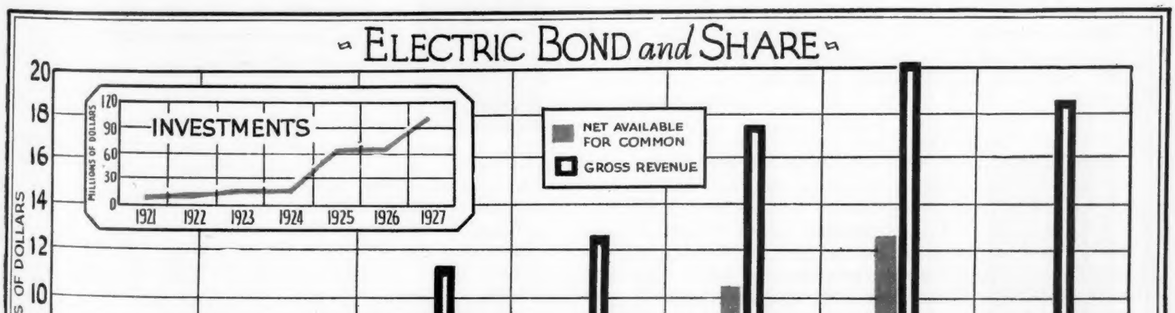
Electric Bond & Share itself conforms to the same general dividend policy followed by its associated companies, the annual rate on the Securities Corporation stock being only $1 as against earnings applicable to the shares in excess of $5. Here, again, therefore, is a stock the tangible return on which plays only a minor role, and in which the factor of present and potential future equities constitutes the primary incentive to ownership. The company disburses an even smaller proportion of its earnings than the organizations which it serves, and its earnings, as already noted, are in a strict sense true earnings, representing actual receipts and not its entire share of the associated companies' income.

Market Valuation

Although disbursing less than 1% on the basis of recent market levels, Electric Bond & Share Securities Corporation stock is far from being excessively valued if the market appraisal of the worth of the security holdings is any criterion. Stock market value of these holdings when applied to the outstanding shares is well above the current price of the stock even on the basis of the marked deflation in prices recently occurring. In other words, Electric Bond & Share Securities, considered simply in the light of an investment trust, is selling below its theoretical worth based on prevailing levels for the securities held, with no value whatever accorded to the important functions of supervision, financing and construction and the substantial revenues derived therefrom. This should not be construed as implying that the stock in question is flagrantly out of line with the present position of the company with respect to earning power, for a price around 100 is sufficiently liberal on the strength of 1927 earnings per share of $5.29, and only $3.98 when applied to the recently enlarged capitalization. It may be said, however, that such a price does not measure up to the present public utility market as exemplified by the appraisals accorded junior issues of companies representing the Electric Bond & Share group and which are held by the Electric Bond & Share Co.

One qualifying factor in any deductions arising out of the market valuation of security holdings is the fact that more than half of this valuation is represented by the various issues of American & Foreign Power, this enterprise still being in the development stage, and its securities, especially the common stock, selling on the basis of future probabilities rather than immediate tangible worth to a greater extent than the others in the group. On the other hand, American & Foreign Power is contributing dividends to the treasury of Electric Bond & Share only through its preferred stocks, which is but little criterion of its potential worth as a revenue producer. As the situation stands at present, the market is according a far greater degree of recognition to the future of American & Foreign Power through the medium of this company's own stock than through the stock of Electric Bond & Share Securities Corporation, or, in other words, the latter is selling much closer to an investment basis predicated on conditions now existing.

American & Foreign Power represents an ambitious undertaking on the part of Electric Bond & Share interests to develop public utility projects along the lines so successfully followed in this country. Although involving many complications and problems of a kind not encountered in the United States, it is not difficult to visualize the almost unlimited possibilities presented, considering that heretofore little organized effort has been made to develop the public utility industry in foreign fields to the high point of efficiency attained here. Properties so far acquired are largely in Cuba, Central America, and South America, and activities for the time being will be principally along the lines of improving operating efficiency and modernizing equipment rather than attempting to organize utility systems on a large scale at so early a stage. *Recent expansion of American & Foreign Power's capitalization prevents any immediate accurate appraisal of share earnings, and naturally no very impressive earning power is to be expected at this juncture, but an undertaking of this character in such strong and experienced hands is sufficient in itself to inspire much confidence, as well as to warrant an unusual degree of sustained interest in the affairs of Electric Bond & Share.*



Some Stock Market Oddities

An Exhibition of Unusual Situations in the Securities Markets

By NEWTON R. CALLEY

WE have become a nation of security appraisers. The tremendous public interest in the stock market has created millions of opinions in regard to security values. The merest novice, from the standpoint of stock market experience, is always ready to tell an inquirier where this stock or that stock should sell on the basis of its intrinsic worth or its prospects. The yardstick of "fifteen times earnings" has perhaps become too much of a national criterion since Mr. Raskob's famous statement.

A Valuable Warrant

The ordinary, garden-variety of security may lend itself to a rough-and-ready process of valuation, but the stock market today contains some curious specimens the positions of which are not so easily analyzed. Why should a warrant sell for $20 which entitles the holder to buy for $50 a stock which itself is selling simultaneously at approximately that latter price? Why does a bond sell at 35 points premium because it is convertible into a stock of which there are, practically speaking, no outstanding shares? Many such odd situations have arisen in the securities markets which the average investor seldom comes across.

With Southeastern Power & Light Company common stock quoted in the neighborhood of $50 a share, the warrants entitling the holder to purchase one share of the stock at $50 are selling close to $20 each. Originally the warrants were issued with some of the company's debenture bonds. They were detachable and soon an active market in them grew up on the New York Curb. Their value lies particularly in the long period for which they will be valid, nearly one hundred years, or until 2025. In fact, they represent a call on the stock at the fixed price of $50 a share for this length of time. The potentialities of this growing utility company in the course of one hundred years are great and for that reason the market appraises the warrants at a substantial figure.

Smaller Initial Investment

The advantage, if such it may be called, of purchasing the warrants in preference to the common stock lies in the smaller initial investment required in the former. For the equivalent of the current price of the stock approximately two and one-half warrants could be purchased. In the event of the stock's doubling in price, the price of the warrants certainly would increase more than twice over. Herein lies the speculative appeal of the warrants. On the other hand, the purchaser of the warrants is paying $20 for something which at the moment has only potential value, whereas the holder of the stock holds an equity interest in the company.

Precedent counts for much in establishing this seemingly high price for Southeastern Power & Light Company warrants. Purchasers do not need especially long memories to recall the quotations of $4 which were current in 1921 for American Power & Light Company warrants. Today these same warrants would be worth more than $800 each. They, too, originally were issued with some debentures. The holder of a warrant was entitled to purchase at par, or $100, an amount of common stock equivalent to the par amount of the bond to which the warrant had been attached; the warrant coming with a $100 debenture permitted the purchase of one share of stock at $100. Such a warrant possessed only potential value until the common stock sold above par, and thus it happened that the warrants were obtainable in 1921 at $4. The common stock was quoted at that time around 40.

Once the common stock began climbing above par, however, the warrants began to appreciate in price very rapidly. In 1924 with the stock at 188 the warrants were selling simultaneously around 93. Ultimately the stock sold above 400 before it was split up ten for one. After the stock split a warrant originally issued with a $100 bond entitled the holder to purchase ten shares of the new no-par shares at $10 each, and in 1925 with the new stock at 60 the warrants were quoted around $500. By this time it became highly advantageous to use the purchase privilege as the stock was on a dividend basis and the holder of the shares was receiving a sizable return which did not accrue to holders of the warrants. Thus most of the warrants were used. On the basis of this year's price for the stock above 90 the value of a warrant would be more than $800.

Andes Copper Bonds

The newcomer to the stock market also is surprised to find Andes Copper Mining Company bonds selling at a premium of some 35 points above par. Furthermore they are selling about 25 points above their call price, which is 110, and the bonds can be called at any time on thirty days' notice. The bonds are convertible, however, at any time into Andes Copper Mining Company capital stock in the ratio of 44 shares of stock for every $1,000 bond. This would indicate a price for the stock of slightly above $30 a share. And what is the stock selling for into which these bonds are convertible? No quotations are available for this stock for the simple reason that, for all practical purposes, no such stock exists.

Except for the shares of stock which are held in the names of directors to permit them to qualify to serve in their executive capacities, all outstanding stock is locked up securely in the treasury of the Anaconda Copper Mining Company. Additional stock is authorized for the conversion of the bonds but none of this is outstanding as no conversions have ever been made. There is nothing to be gained by a bondholder by converting; so long as he holds his bond he receives his interest regularly, while if he converted it into

stock he would receive no return. His shares of stock would pay no dividends and there would be no immediate prospect of his receiving dividends on them. The company has been getting into actual production only in the past two years so that no consideration is likely to be given to dividends in the near future. Furthermore the company is not likely to call its bonds as all current funds are needed for the work which is being carried out at its properties. Meanwhile, despite a non-existent market for the stock, the premium on the bonds reflects the company's prospects.

Trading in Stubs

Pacific Oil Company was consolidated with Standard Oil Company of California in 1926. Despite the fact that the properties of these two companies have been operated together for more than two years, trading continues in Pacific Oil stubs on the Stock Exchange. These stubs might be said to represent what was left when the doctor got through. They represent what remained of the old company when nearly everything had been taken over by the consolidation. It is the "nearly" which gives a potential value to the stubs. Certain of the company's affairs remain to be settled; some small assets are yet to be disposed of and certain tax adjustments remain to be completed with the government.

Primarily the value of the stubs in the final liquidation will depend on how various tax claims are settled. Interests close to the company cannot estimate what this value may be; not until the Treasury Department completes its audit of the company's tax returns can the amount which finally will be available for distribution to holders of the stubs be determined with any degree of accuracy. Meanwhile the stubs sell in the market between $1 and $2.

Out of Business Ten Years

A somewhat similar situation exists in respect to the Wells Fargo Express Company. This concern has been practically out of business for ten years. It has not handled any express business since 1918 when it, with other express companies, entered into an agreement with the director general of the railroads to turn its express business over to the American Railway Express Company. Shortly thereafter Wells Fargo disposed also of its travelers' checks and other financial business and its Mexican and Cuban interests. In 1924 and 1925 it disposed of its holdings in American Railway Express Company by distribution of those holdings to its stockholders. Small cash distributions have followed until at present the process of dissolving the company is nearly completed. Its assets, aside from a small amount of cash, consist largely of some unimproved lots in San Francisco and some office furniture in New York.

Wells Fargo stock, however, is quoted between $2 and $3 a share. Certain assets are still in dispute and a further cash distribution, the size of which is highly problematical, is likely. Furthermore, a majority of this stock has been acquired by American Express Company probably on the assumption that developments conceivably might arise which would make control of the company and control of the Wells Fargo name advantageous to it. There is the possibility that American Express might want some day to buy the minority shares. In any case certain assets are still in dispute and if final settlement favors the company a further distribution, the size of which is, of course, highly problematical, will probably be made. A more perfect exemplification of trading in intangibles could scarcely be found.

An Equity Bond

A western railroad company has paid regular dividends on its capital stock for more than twenty years while its debenture bond interest in the same period has varied between nothing and $16.25 on a $1,000 unit. Such a situation is the natural result of the peculiar capital structure of the Green Bay and Western Railroad, operating in Wisconsin. Three classes of securities are outstanding, capital stock and two classes of debentures, A and B. After the Class A debentures and the capital stock have received, in any one year, 5% on their par value, the Class B debentures are entitled to any further disbursements.

Since 1905 earnings have permitted the regular payment of 5% interest on the Class A debentures and the regular annual dividend at the rate of 5% annually on the capital stock. Payments of interest, or whatever the disbursements can be called, on the Class B debentures have varied with the fortunes of the company. Currently these debentures are receiving $5 annually on each $1,000 unit, or ½ of 1% on par value. Naturally the capital stock is selling comparatively higher, being quoted in the eighties while the debentures, Class B, are quoted in the twenties (i. e., $200 for a $1,000 par debenture.)

A Horse Car Company

A security of one of the early horse car companies occupies today a comparatively strong position in the New York city traction tangle although its main line has long since been abandoned. The Bleecker Street and Fulton Ferry Railroad originally operated horse cars, and later electric cars. Years ago it was absorbed by the New York Railways Corporation, and its bonds guaranteed by that company. In 1917 permission was received to abandon the Bleecker Street line. In view of the fiscal difficulties of the parent company at that time and in the years immediately following, this action might have been expected to put the bonds in a precarious position. Fortunately, however, the Bleecker Street and Fulton Ferry Railroad controlled the franchise on a portion of the Fourteenth Street line and this was one of the largest money-makers in the New York Railway system. Thus, even when the parent company was involved in bankruptcy, the Bleecker Street bonds were not disturbed and regular interest has always been paid.

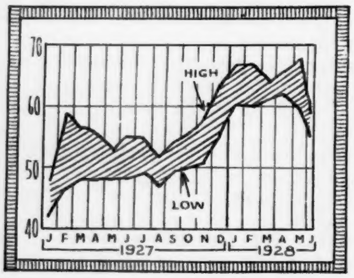
Would you pay $27 for the certainty of a return of $5 a year for the next four years plus a 1/140,000th interest in two of the earliest cable lines laid between this continent and England? Such, in fact, you would be doing in purchasing a share of the stock of American Telegraph and Cable Company. In 1882 this company's cables, which connect Nova Scotia and Liverpool, were leased to the Western Union Telegraph Company for fifty years at an annual rental of $5 a share on the cable company's stock. This agreement terminates in May, 1932, so that approximately $20 remains to be paid on this stock according to the terms

(*Please turn to page* 416)

Opportunities in Low-Priced Stocks of Recovering Companies

The stocks comprising this group have been chosen primarily for the future possibilities. Securities of companies which have weathered a storm of adversity and are just turning the corner toward better times often present the most attractive opportunities. Particularly is this true before the improving prospects are generally appraised and prices are still at low lovels.

New York, New Haven & Hartford R.R



THE New Haven operates about 2,200 miles of road, chiefly connecting southern New England with New York City, and also has a direct connection with the Pennsylvania for its southern business while its Poughkeepsie Bridge route and the controlled New York, Ontario & Western gives access to the anthracite coal fields and affords a western freight outlet. Lines to the north co-operate closely with the Boston & Maine in which the New Haven has about a 28% stock interest. The company is also largely interested in trolley and bus systems and in steamship lines on Long Island Sound.

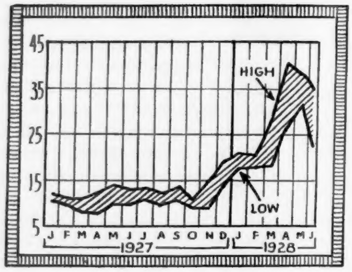
In 1913 dividends were suspended, due chiefly to results of an unwise expansion policy. The war brought on additional complications. In more recent years, however, earnings have become more stabilized and have shown great improvement. In 1924 $1.91 was earned on the present stock; $4.72 in 1925; $5.25 in 1926, and $6.12 in 1927. During the first four months in 1928 gross revenues have declined slightly from those of the same period in 1927 but net has, nevertheless, shown a decided increase and satisfactory results for the full year are anticipated.

The capital structure of the company was greatly improved during 1927 by the issue of $49,036,700 7% cumulative convertible preferred stock, the proceeds being used to retire, in part, the company's indebtedness to the Government. During the current year the last of this $91,000,000 debt was paid from proceeds of $31,000,000 4½% bonds. Less than 57% of total capitalization is now represented by bonds and over 43% by stocks, against 67% bonds and 33% stocks formerly outstanding.

Last April a special dividend of $1.00 per share on the common stock was paid, the first since 1913, and in the fall of this year the payment of regular dividends will no doubt be considered. A very conservative policy is being followed and vast sums from earnings have been steadily applied to building up the property making possible operating economies which should be reflected in increased earnings in the future.

New Haven stock has responded to the improved outlook; and with the current price of 55, at the year's low, it again appears as an attractive investment.

Graham-Paige Motors Corporation



THIS is the reorganized Paige - Detroit Motor Car Co., now controlled by the three Graham brothers who contributed so much to the success of the Graham Brothers' Truck Co. now a component of Dodge Bros., Inc. A new line of medium priced cars introduced under the Graham-Paige name in January, 1928, has met with considerable success.

The main factory, in Detroit, Michigan, having 1,000,000 square feet of floor space, is owned in fee and two smaller plants in the same city are leased. Control of a body factory in the same city was acquired in 1927. The capacity of these plants is over 500 cars per day.

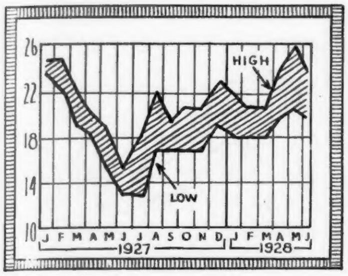
Outstanding capitalization consists of $1,900,600 7% cumulative preferred stock and $3,738,400 7% cumulative 2nd preferred stock, both of $100.00 par value, and 1,050,756 shares of no par value common. As of January 5, 1928, 36,729 shares of the 2nd preferred and 187,017 shares of common were deposited under a voting trust agreement extending to July 1, 1932.

Regular dividends have been paid on the preferred stock, but none on the second preferred, nearly all of which is owned by the Graham brothers, since October 1, 1927. No dividends have been paid on the common stock since the reorganization although prior to 1926 liberal cash and stock dividends had been distributed.

The earnings record of the old company had been irregular, net reaching a record high of $3,775,040, equal to $4.05 per share on the common stock, in 1923. Per share earnings in 1924 were reported as $2.14; in 1925 as $3.04; and in 1926 as $0.49. An operating deficit of more than a million dollars was shown in 1927, the first year under the new management, due to costs of producing new models.

Beginning with the current year the present management has appeared to make excellent progress. Output for the first four months was more than for the full year 1927 and retail sales for the same period were said to be as much as eleven times those for last year in certain key cities. A total of 30,000 cars were shipped during the first five months of 1928, shipments of 8,553 units in May establishing a new high record. *(Please turn to page 436)*

Inspiration Copper



AT a time when the statistical position of the copper producers is the strongest in a number of years and the outlook for the future satisfactory there has naturally been a revival of interest in the stocks of leading companies.

Inspiration is one of the leading porphyry producers and is the result of the consolidation of a number of properties. Nearly one-third of its capital stock is controlled by Anaconda, bringing the company into the so-called Anaconda group.

Mining operations are all in the State of Arizona where controlled ore reserves, as of January 1, 1928, were estimated at 96,000,000 tons, or sufficient to last for twenty years or more.

Being a relatively high cost producer Inspiration has always been dependent upon a fairly strong metal market for a satisfactory margin of profit, but the recent completion of a new leaching plant and a hydrolytic refinery reduced production costs from 12.44 cents per pound in 1926 to 11.52 cents in 1927 and still greater reductions in prospect have strengthened the competitive position of the company.

The earnings record, as might be expected, has been irregular. During the war years per share earnings rose as high as $17.45 on the same amount of stock as now outstanding; but the average of the past 5 years has been only $1.29.

The dividend record has been equally unsteady, reaching a high of $8.00 in 1917 but falling successively each year until the dividend was passed in April, 1927.

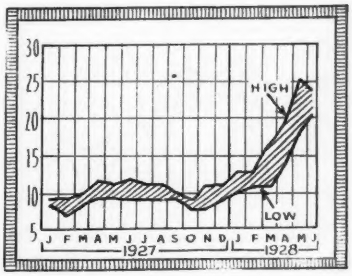
There is a funded debt of $5,500,000 5-year 6½% notes due in 1931 with a sinking fund of $500,000 annually from and after March 1, 1928. Capital stock consists of $23,639,340 made up of 1,181,967 shares of $20 par value.

The early maturity of the notes together with a cash position none too strong are the principal drawbacks to the investment attraction of the stock, but these factors need not cause too much concern if the copper situation remains favorable. If there is a material gain in profits and too great a part of these are not disbursed in dividends, conditions which now seem likely to be realized, the indebtedness can easily be taken care of and improved earning power will at the same time be reflected in the market position of the common stock.

As of December 31, 1927, net current assets were $4,764,000, including $338,000 cash and marketable securities, against current liabilities of $818,000, with net working capital amounting to $3,946,000.

Following a chronic state of overproduction there has developed an actual shortage of copper metal, due in part to an unusually strong export demand, which should assure a price above 14 cents per pound for a considerable period. Inspiration's production last year was about 88 million pounds against an estimated capacity of about 120 million pounds. *Increased operations and a larger margin of profit would, of course, bring greatly increased per share earnings and it appears that the market price of the stock now around 20 has not as yet fully reflected the favorable factors in the situation.*

Otis Steel



ALTHOUGH operated continuously for over half a century Otis Steel is one of the smaller units in the industry. The plants are divided into two separate units, both located at Cleveland, Ohio, and occupy tracts totaling over 300 acres in extent. Fourteen open hearth furnaces are operated together with mills and other equipment of proportionate capacity. Through stock ownership in coal, iron ore and limestone properties the company is equipped to supply an important part of its own raw material requirements.

An issue of $12,000,000 6% 1st mortgage bonds constitutes the sole funded debt, followed by two issues of 7% cumulative preferred stocks, both of $100 par value, aggregating $11,759,283, and 741,802 shares of no par value common stock.

Regular dividends are paid on the prior preference stock, which constitutes all but 302 shares of the two preferred issues mentioned above, but no dividends have been paid on the common since 1919. The general position of the company was greatly improved through recapitalization in 1926.

Though the record of earnings has been irregular and net income in 1927 was smaller than that of the previous year operations over the last three years have shown increasing stability and reports for the current year are highly satisfactory.

In 1927 net income of $1,383,000 was equal to only 76 cents per share on the common stock, after all prior charges, as compared with $1,907,000 in 1926 and $1,404,000 in 1925, or $2.03 and $1.06 per share of common. Deduction of a full year's dividends on the prior preference stock in 1927 as against only half that amount in 1926 was, however, an important factor in earnings available for the common stock.

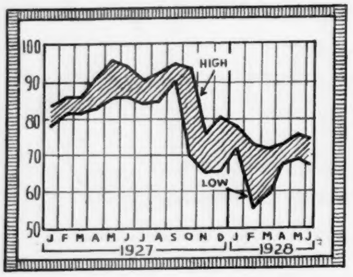
Although first quarter results in 1928 for most of the leading steel companies were below those of 1927 earnings for Otis are running about double those of last year. Net for the four months to April 30 was $1,129,150 or $1.15 per share compared with 47 cents per share for the same period a year ago. Manufacturing facilities have been largely increased during the last year and as current demand for the company's products remains strong continued excellent results throughout the current year are anticipated.

A continued improvement in the financial position is shown by the fact that bonds have already been purchased in excess of the sinking fund requirements of $240,000 due in March, 1929, and cash and government securities held had increased to over $4,000,000 on May 31st last.

It has been rumored that the directors are considering the payment of dividends on the common stock within the next six months and it is possible that the amount of common stock outstanding may be reduced so as to permit a $4.00 dividend rate. Mergers with larger and stronger units in the industry have also been discussed as probable.

In any event if the gains recently noted can be maintained holders of the common stock, now selling around 22, will undoubtedly see the improvement in earning power and equities reflected in further market appreciation of their holdings.

American Sugar Refining



THE American Sugar Refining Company is a dominant factor in the domestic sugar, refining industry, accounting for about 30% of our consumption of raw sugar, and it also produces in Cuba sufficient raw to supply about one-eighth of its own requirements.

Recent years have been stormy. After 4½ years' suspension of common dividends following tremendous losses due to the post war deflation period, dividends on a $5.00 annual basis were resumed in the first quarter of 1926, but were again discontinued after the disbursement of January 2nd, 1928. Recent difficulties are said to have been due largely to the Cuban policies of restricted production and co-operative marketing resulting in sales to foreign countries at lower prices than to the United States and to large stocks of unsold refined sugar, much of it in the hands of western beet sugar producers, being pressed for sale in this market.

Profits depend, of course, upon the maintenance of a satisfactory margin of profit between the price of raw sugar and that of the refined product, a margin which has been difficult to maintain under recent conditions. The refining capacity in the country is said to be at least 50% greater than consumption requirements, resulting in the most intense competition and narrowing of profits, but a remedy for this situation is now being sought and better results, due to better co-operation through such agencies as the American Sugar Institute, are now in sight.

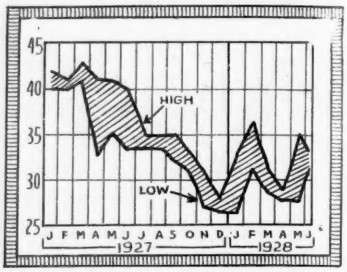
Since the war period the earnings record of the company has been very erratic, but sustained somewhat by large non-operating revenues. Earnings for 1926, amounting to $7.08 per share on 45 million common of 100 par value, were the best since 1922, and for 1927, when only $0.97 was earned, the lowest during the last ten years save for 1921 and 1924. In spite of these variations a very strong cash position has been maintained.

Current assets, as of December 31, 1927, were $64,-401,000—including $42,542,000 cash and loans—with current liabilities only $6,729,000, a ratio better than 9 to 1. Net working capital was $57,672,000 and book value per share was almost $135.

Against the strength of the company's financial position and its high operating efficiency there must be considered, in appraising the true value of its stock, the excess capacity of the refiners in this country and the world-wide unsettlement in the sugar industry.

Current earnings are said to be substantially better than those of a year ago and the company is probably benefiting to a marked degree by the recent increase in the spread in price between raw and refined sugar. If domestic consumption of sugar remains in line with present estimates earnings for the year should show a very material improvement. Financial condition of the company is such that it has been officially stated that dividends can be resumed whenever earnings and prospects justify such action. *Moreover, the current price of 70 probably has not discounted such possibilities, and a further advance may be recorded this year if conditions in the industry remain favorable.*

Long-Bell Lumber



THIS corporation, through its operating subsidiary the Long-Bell Lumber Company, is said to be the largest lumber manufacturer and distributor in the world under a single ownership. Operations center in Oregon and Washington but important properties are held in the south and in other districts. The business is a complete industrial unit, the company owning vast reserves of standing timber which it manufactures and markets both at wholesale and retail.

Properties include over a million acres of land, twelve modern lumber manufacturing plants having a combined capacity of 800,000,000 feet annually, 122 retail lumber yards, 371 miles of railroad with full equipment, twelve billion feet of timber reserves well distributed in important lumbering sections, an established and developed town-site and 3,000 dwelling houses for employees. An effective timber patrol is maintained and though no insurance is carried on standing timber, losses from forest fires have been very few—none at all for 35 years prior to 1925.

Funded debt of wholly owned subsidiaries amounts to $46,295,450 of which $1,955,848 matures within one year, and in addition obligations amounting to $5,638,595 are guaranteed. Capital stock consists of 593,921 shares Class "A" participating and 542,569 shares Class "B" stock, both of no par value.

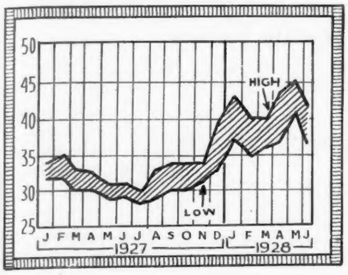
Operations in 1927 resulted in a net loss of $616,-937; before profit of $2,115,000 realized from sale of capital assets; as compared with a net income of $2,-718,036 in 1926, the latter figure being equal to $4.58 per share of Class "A" stock and 63 cents per share of Class "B." From 1919 to 1925 earnings had exceeded $4,000,000 each year except in 1921, with a high of $5,772,000 in 1920.

Net working capital at the end of 1927 was $10,-917,000 with current assets of $15,612,617 and current liabilities of $4,695,390, a ratio better than 3 to 1. Book value of the "A" stock was $47 per share.

Class "A" stock has a preference over "B" as to cumulative dividends at the rate of $4.00 per annum after which "B" stock receives $4.00, and both share equally in any additional disbursements. Suitable restrictions against dividend disbursements are designed to protect the liquid position of the company. No dividends have been paid on the "B" stock, and payments due in January and April, 1928, on Class "A" have been omitted, accumulations to date therefore amount to $2.00 per share.

There are indications that the lumber industry is turning the corner after a very considerable depression, and that better results may be expected in the future, though first quarter earnings in 1928 for the Long-Bell company were very disappointing. Being a strong company with vast resources and a dominant factor in soft wood lumber production this company should, over a reasonable period, work out of its difficulties and show an increased and more stable earning power. *Present unfavorable conditions have been discounted and the market position of the stock now selling around 31 on the New York Stock Exchange, appears to be thoroughly liquidated so that response to definite gains may be anticipated.*

International Petroleum



THIS company is controlled by Imperial Oil, Ltd., which, in turn, is controlled by Standard Oil Co. of New Jersey. The chief properties are located in Peru and Colombia, South America, and although principally engaged in producing crude oil for shipment to refineries in other parts of the world, enough oil is refined at the company's 10,000 barrel plant at Talara, Peru, to supply the local trade and for export to other South American countries.

In Peru International Petroleum holds concessions running to 1998 on 600 square miles of oil lands on which, at the end of 1927, there were 1,411 producing oil wells and 7 gas wells. During 1927 a total of 138 new wells had been drilled, 124 of which were productive. Some 850,000 acres have been added to Peruvian oil concessions during the last few years, and 125,000 acres are controlled in Ecuador. Production in Peru had doubled during the last six years, and for 1926 amounted to 8,632,000 barrels, but was held down to 7,768,000 barrels in 1927 due to unfavorable crude oil market conditions. Peruvian crude is of very high quality, particularly for lubricating purposes, in that respect comparing favorably with our best Pennsylvania grades.

Through Tropical Oil Co. International owns a concession covering about 1,333,000 acres in Colombia located about 300 miles from the coast. A pipe line, owned by another subsidiary, has a capacity of 50,000 barrels daily and connects the oil fields with tidewater at Cartagena. The company now has 227 producing wells in Colombia, production running about 50,000 barrels per day with a shut-in production of about 40,000 barrels daily. During 1927 nearly 14,000,000 barrels were shipped to Canadian, American and foreign ports. Total production was over 15,000,000 barrels against only 323,000 barrels in 1922. Current production is running nearly double that of a year ago. On a favorable site near the mouth of the Magdalena river a large refinery will soon be erected.

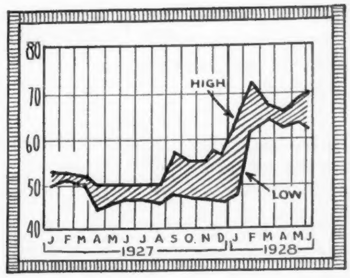
International Petroleum has no funded debt. The preferred stock, 500,000 shares of $5.00 par value, is practically all owned by Imperial Oil, Ltd., which also owns about 54% of the outstanding 7,162,044 shares of common stock.

Dividends amounting to 75 cents were paid both in 1926 and 1927 and two dividends of 25 cents each have been paid to date in 1928. The common stock enjoys an active market on the New York Curb, the present price being about $38 per share. Like many other Standard Oil companies earnings statements are not made public.

Wells already drilled and capped give the company, in effect, vast quantities of oil in storage—free from expense and without risk from fire or other hazards and ready for the market the moment prices justify.

International Petroleum is one of the few important oil stocks now selling higher than before the period of depression which began more than a year ago. Closely allied with the strongest interests in the business and being in a very strong competitive position it should be among the companies most greatly benefited by a return of prosperity in the oil industry.

Cudahy Packing



THE Cudahy company, now the fourth largest unit in the packing industry, was established more than forty years ago and has been developed along conservative lines chiefly by the family whose name it bears.

Nine main plants located in important western cities are owned and operated, together with over 100 distributing branches and export facilities. Over 90% of the business is in meat and meat products but hides, soap, fertilizers and "Old Dutch Cleanser" are among the more important by-products which tend to stabilize earnings in times of depression in the meat business proper. The company also owns 1,600 refrigerator cars and 45 tank cars used in the transportation of its products.

Outstanding capitalization consists of $21,824,100 funded debt, $2,000,000 6% preferred stock, $6,550,500 7% preferred stock and $21,249,500 common stock—or 424,990 shares of $50 par value. From 1888 to 1927 sales increased from $7,000,000 to $233,325,368 while capital increased from $750,000 to the amount stated above during the same period.

For a business operating on profit margins as small as those prevailing in the packing industry, where huge losses may result from reduced market prices of inventories necessarily accumulated during the early part of the fiscal year, the earnings record of the Cudahy company has been surprisingly stable. Net income for the year ended October 29, 1927, was nearly double that of 1922 and over the six year period there was a steady upward trend broken only by relatively slight declines in 1925 and 1927 from unusually prosperous years immediately preceding.

Net income for the 1927 fiscal year was $2,353,959, equal to $4.17 per share on the common stock as compared with $4,052,780, or $8.17 per share in 1926, an unusually good year in the industry, and $2,792,358 or $5.21 figured on the same number of shares, in 1925. During forty years of the company's business life there has been only one year in which operations did not yield a profit, and the average annual earnings per share of common stock during the entire period have exceeded the present dividend rate by more than 50% of such rate.

Dividends on the preferred stocks have been paid regularly since the stocks were issued except in 1921, after which the year's accumulations were quickly liquidated. On the common stock dividends have been paid in every year since 1906 with five exceptions, the current rate being $4.00 per annum. The company's ability to earn its dividend in 1927 under the generally adverse trade conditions prevailing indicates the stable character of its business.

Conditions in the packing industry have been much better during the present year than in 1927 and better results are expected. Inventories of pork, the speculative part of the business, were put into the coolers several months ago at comparatively low prices and higher prices now are adding value to the inventories on hand and increasing margins of profit on sales. *The outlook for the stock, currently selling at 62 on the New York Stock Exchange, is improved by these conditions.*

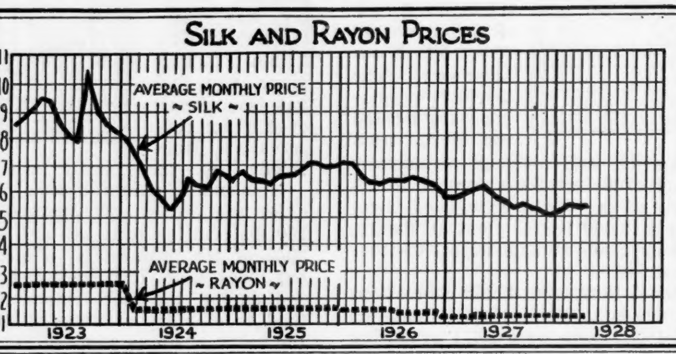
Is Rayon the Nemesis of Silk?

Recent Opinions of Leading Silk Users Throw New Light on Competitive Relation of Two Important Textile Fibres

By BASIL R. YATES

IS the irregular distribution of prosperity among the various silk companies in any way related to the increasing use of rayon in the manufacture of fine textiles? To the layman an affirmative answer seems axiomatic. Men in daily contact with the silk textile industry hold various opinions, but a majority of them are inclined to the opposite belief.

In response to a canvass recently made by THE MAGAZINE OF WALL STREET, a number of outstanding silk company executives have given their opinions in some detail. The consensus seems to be, briefly, as follows: rayon has interfered with the consumption of cotton more than with the consumption of of silk; it has not hurt the silk glove or full fashioned silk hosiery business at all; it is being used to an increasing extent in conjunction with silk in the manufacture of piece goods and underwear; it has definitely injured some of the companies specializing in finer quality silk goods; on the other hand, bowing to the dictates of fashion, quite a number of silk goods producers have been able to combine rayon and silk in such a manner as actually to increase their earning power. It is the disposition of most silk men to regard rayon as a fibre with its own qualities and uses as distinct from silk as either cotton or wool. Only 20% of the answering executives unqualifiedly state that silk consumption has been reduced by the wide introduction of rayon; not one, however, seems to think that silk consumption has been stimulated.



	Manufacturers' Takings Silk (lbs.)	Domestic Production Rayon (lbs.)
1920	26,086,620	8,000,000
1921	42,646,450	15,000,000
1922	48,748,490	24,406,400
1923	47,669,860	35,380,500
1924	48,670,020	38,510,000
1925	66,744,720	51,098,990
1926	66,706,150	63,356,000
1927	73,336,200	75,000,000*

*During 1927 not only the year's home output of around 75,000,000 pounds and a reserve supply of some 12,000,000 pounds was consumed in the United States, but more than 16,000,000 pounds was imported. Thus, in all, United States consumption of rayon last year amounted to about 103,000,000 pounds.

What Silk Men Say

The president of one of the larger silk companies which has not been especially prosperous, perhaps partly because it specializes in higher priced quality products, is of the opinion that silk consumption would have been larger but for the competition of rayon. He sees no increase in the demand for genuine silk products resulting from the widespread use of the new fibre; and finds that the earning power of his company has suffered from rayon competition. He is optimistic, however, that a good recovery may be sustained by using rayon in conjunction with silk. This man's judgment unquestionably is representative of the opinion held by other silk men specializing in the same field.

An underwear and hosiery company president, representing a company of equal prominence and a corporation which recently has been increasingly prosperous, says: "The introduction of rayon into the underwear and hosiery business has had the effect of 'trading up' in these products, due to the fact that the sightliness as well as the satisfaction in use which rayon gives, has created a new underwear and hosiery consciousness among the American people." Another underwear manufacturer finds that rayon has replaced cotton "to a considerable extent" in circular-knit underwear and "to a limited extent" in flat-knit underwear, but comments that his company's earning power has not been affected "either up or down." Director Starr of the Rayon Institute says the field of rayon in underwear, hosiery, pajamas, nightgowns, and wash goods in general, is broadening constantly. Among the replies there is a quite general comment that style changes made possible by the introduction of rayon might not have developed without the fibre, for the price of silk otherwise would have advanced so high as to make such changes prohibitive. It is practically impossible to segregate influences in such a jumble of conflicting and intermingling factors.

Practically every reply stresses the new uses which are being found for rayon, improvements which are being accomplished in its manufacture, and the need for a quality raw material. One comments: "The only unfortunate feature in the rayon situation today is the apparent concentration of effort of many manufacturers to produce rayon fabrics of as cheap a grade as possible, and at as low a price as possible. Rayon is susceptible to development along quality lines, rather than to be treated as something to be debauched in the mad race for mass production and something at a price."

Rayon Not A Substitute

Regarding competition, a pile fabric manufacturer with various allied silk textile interests, writes: "Rayon is a raw material which has its own merits and peculiarities, and can be used to advantage in producing very definite results. It cannot be used as a substitute for silk, cotton or wool. It has found its own place in industry, and that place is growing to the extent which manufacturers manipulating it know how to use it to advantage. Either silk, wool, cotton or linen will be in competition with rayon only to the extent they have been in competition with each other heretofore: strictly on the basis of what can be done with these materials best to interpret the demands of fashion with the most attractive and satisfying output. Rayon is really a generic name covering a variety of threads, differing in characteristics, in coarseness and fineness of fibre, and in chemical composition. All these materials must be exploited with due deference to the qualities inherent in each. Rayon, therefore, is a permanent addition, constantly growing in importance, to the raw materials available to textile producers."

Mr. Ernest L. Starr, director of the Rayon Institute, says: "Contrary to the opinion held in some textile circles, rayon is doing much to aid the woolen, cotton and silk trades, since with the supplementation of goods made of these materials with rayon, the completed product seems to 'take' to a greater degree than the plain product. It is rather paradoxical to note that mixtures containing rayon often bring a higher price than those not containing the fibre. . . . The field seems to be broadening constantly. . . . The significant development in the industry, however, is not so much consumption and production but the tremendous improvement in rayon yarns."

Rayon Consumption Increases

As the table shows, consumption of silk has been increasing, but the use of silk has not been increasing as fast as the use of rayon. The price of rayon has declined more than the price of silk, but this evidently is because the supply of rayon has grown more rapidly than the supply of silk; and to some extent the lower prices for rayon merely reflect improvement in manufacturing processes. Obviously, cotton has been the big sufferer from style changes which rayon has stimulated and made possible. It may occur to the reader that rayon has not been widely substituted for silk in women's hosiery, and that a larger demand for silk for hosiery has made up, to a great degree, any reduction in the demand for the Japanese fibre for other purposes. Without short dresses and silk-clad knees, the demand for silk might have suffered from rayon competition more than it actually has suffered.

Along with other branches of the textile industry, silk manufacturing capacity unquestionably is overbuilt. This is the greatest obstacle in the way of the return of the industry to a generally prosperous basis. It is easy to blame rayon for the consequences of this over capacity in the silk business, which everyone knows to exist in cotton goods manufacturing and in the woolen goods trade; but it is excess of silk production which is very largely responsible for the low prices and the irregular, and in the main disappointing earning record of the past few years. This is not true of rayon. So far the industry has not grown up to the demands for its product; and there is room in its broad market for all producers, even the European manufacturers who see fit to export, without serious danger of price cutting.

So far in 1928 silk manufacturers have given evidence of a more accurate appraisal of the situation than heretofore, and as a result of a more careful alignment between production and demand, prices have strengthened and present prospects are more favorable than in some time. If the silk output can be kept in hand in this manner and further expansion controlled it will not be long before consumption begins to catch up, placing silk on an equally prosperous basis with rayon.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
Norfolk & Western	4(N)	115.54	160.35	133.40	No	86	4.7
Atchison Top. & S. Fe	5(N)	37.17	48.83	40.47	No	106	4.7
Union Pacific	4(N)	38.41	41.17	39.35	No	85	4.7
Colorado & Southern 1st	4(N)	43.18	52.56	57.76	No	81	4.9
Baltimore & Ohio	4(N)	35.33	48.41	38.44	No	81	4.9
Southern Railway	5(N)	37.63	39.33	36.17	100	98	5.1
Wabash "A"	5(N)	11.48	11.86	6.87	110	97	5.1
Pere Marquette Prior	5(C)	57.50	68.77	64.08	100	96	5.2
Colorado & Southern 2nd	4(N)	39.13	48.50	53.76	No	77	5.2
Kansas City Southern	4(N)	10.06	10.86	9.04	No	73	5.5
N. Y. Chicago & St. Louis	6(C)	24.91	24.65	20.31	110	107	5.6
St. Louis Southwestern	5(N)	11.96	12.09	9.30	No	88	5.7
Chicago, Rock Is. & Pac. 2nd	6(†)	12.23	20.57	22.49	102	101	5.9
New York, New Haven & Hart.	7(C)	....	....	22.05	115	114	6.1
St. Louis, San Francisco	6(N)	102.65	108.19	107.70	100	96	6.3

Public Utilities

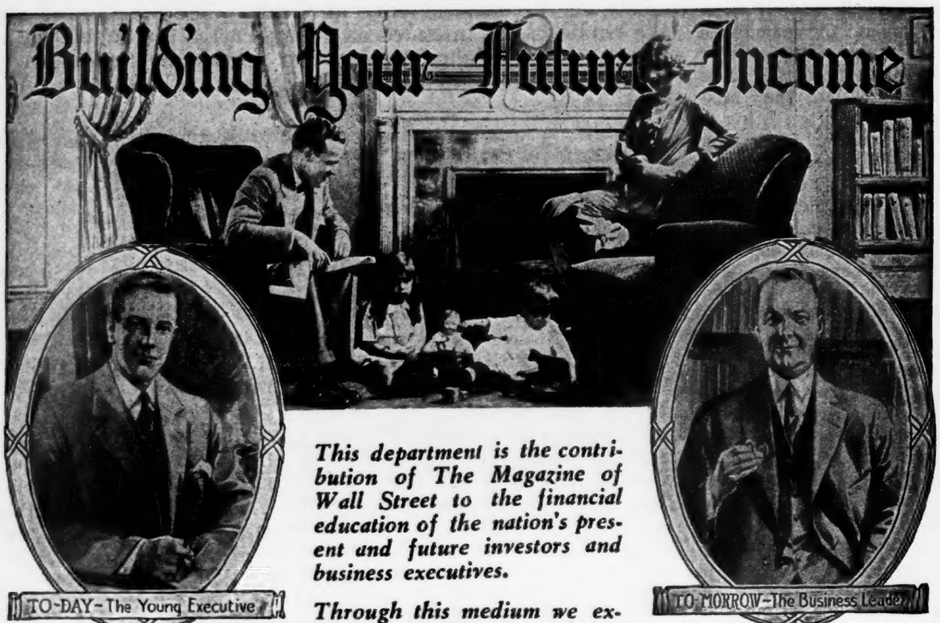
	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
Public Service of New Jersey	8(C)	§19.66	§21.46	§16.28	No	148	5.4
North American Co.	3(C)	21.91	28.95	31.73	55	54	5.6
Hudson & Manhattan R.R. Conv.	5(N)	34.12	40.32	40.70	No	88	5.7
Columbia Gas & Electric	6(C)	....	27.81	25.42	110	106	5.7
Philadelphia Co.	3(C)	23.53	24.20	28.28	No	53	5.7
Federal Light & Traction	6(C)	33.02	41.51	39.67	110	104	5.8
Standard Gas & Electric	4(C)	14.00	20.00	16.20	No	69	5.8
American Water Works & El.	6(C)	....	22.63	24.30	110	103	5.8
West Penn Electric	7(C)	16.15	20.81	23.10	115	110	6.4
Continental Gas & Elec. Prior	7(C)	22.26	26.23	....	110	108	6.4
Electric Power & Light	7(C)	9.72	13.83	16.21	110	108	6.5

Industrials

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
International Harvester	7(C)	32.11	36.74	35.71	No	143	4.8
American Smelting & Ref.	7(C)	30.38	35.52	30.96	No	135	5.2
McCrory Stores	6(C)	45.97	47.82	52.42	110	112	5.4
Case (J.L) Thresh. Mach.	7(C)	21.49	29.39	38.43	No	130	5.4
General Motors	7(C)	101.78	167.17	182.15	125	126	5.5
U. S. Cast Iron Pipe	7(C)	45.84	42.08	28.12	No	124	5.6
International Silver	7(C)	16.08	24.39	30.82	No	125	5.6
Endicott Johnson	7(C)	44.57	34.77	48.10	125	125	5.6
Studebaker Corp.	7(C)	208.13	173.89	160.79	125	125	5.6
Pillsbury Flour Mills	6½(C)	....	*20.19	*44.90	110	113	5.7
Deere & Co.	7(C)	13.68	23.22	25.74	No	123	5.7
Baldwin Locomotive	7(C)	0.98	29.42	12.21	125	120	5.8
Mathieson Alkali Works	7(C)	58.60	67.86	74.06	No	120	5.8
U. S. Industrial Alcohol	7(C)	33.98	16.27	36.03	125	121	5.8
Associated Dry Goods 1st	6(C)	29.92	27.67	24.10	No	104	5.8
Bethlehem Steel Corp.	7(C)	26.64	20.84	16.32	No	118	5.9
Brown Shoe	7(C)	45.23	29.69	44.12	120	119	5.9
Bush Terminal Buildings	7(C)	‡	‡	‡	120	118	5.9
American Cyanamid	6(C)	*20.53	*29.53	*24.24	120	100	6.0
Devoe & Raynolds 1st	7(C)	37.29	49.70	53.23	115	116	6.0
Radio Corporation	3.5(C)	10.31	13.86	20.02	55	56	6.2
Mid-Continent Petroleum	7(C)	106.48	133.61	52.40	120	113	6.2
Goodrich (B. F.) Co.	7(C)	51.57	13.96	39.19	125	111	6.3
Bush Terminal Debentures	7(C)	16.01	16.81	18.88	115	112	6.3
General American Tank Car	7(C)	24.09	27.95	37.68	110	111	6.3
Central Alloy Steel	7(C)	....	35.11	27.26	110	111	6.3
U. S. Smelting, Ref. Mng.	3.5(C)	5.97	6.25	6.28	No	53	6.6
Victor Talking Machine	7(C)	nil	38.44	35.00	115	106	6.6
Consolidated Cigar	7(C)	38.93	67.44	64.41	110	104	6.7
International Paper	7(C)	12.58	11.31	7.42	115	103	6.8
Goodyear Tire & Rubber	7(C)	....	11.83	18.80	110	95	7.4

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks.
* Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.

EDITORIAL PAGE



This department is the contribution of The Magazine of Wall Street to the financial education of the nation's present and future investors and business executives.

Through this medium we extend to our subscribers an opportunity to assist us in spreading the doctrine of safe and sound investment by using these pages as a practical guide to financial success in their own homes and offices.

An Honest Appraisal of Your Own Wealth

CORPORATIONS employ competent auditors to keep track of the financial affairs of the concern, so that a reasonable estimate can be given as to what the corporation is worth at any time. Some individuals keep very elaborate records, through expense accounts and budgets, which serve the same purpose. Most of us, however, keep no such records. At best an appraisal of our financial position at any given moment is largely a guess; usually a very liberal estimate which is more likely than not to make all mistakes in our favor rather than against us.

There was a time when almost anyone who managed to pay all his or her bills promptly at the end of the month and in the meantime buy a few bonds here and there was a "wealthy person." This was before the days of income tax publicity, and when there was no penalty involved in any too enthusiastic discussion on "how much we made last year." This same enthusiasm, however inarticulate as it may be in the present era of income tax collections, is still the cause of a good many financial difficulties.

There is genuine value in knowing definitely how one stands, and acknowledging true net worth, without allowances for that extra few thousand dollars that we are "going to make in the market" or that "raise in salary that is due this year." Carefully gathered statistics show that this type of enthusiasm has wrecked more small business concerns than have been put out of business by poor management. Individual financing on the basis of what we ought to be worth is just as likely to get us into trouble in a personal way as corporate financing on a "potential earnings" basis will get a business concern into difficulties with its creditors.

In the long run, it pays to be honest with ourselves, when we are planning a savings program. There is no gain in using a budget which we *hope* will come out on an even keel at the end of the month, when we *know* that it carries more expenditures than is provided for in income. There is much to lose by cutting into a savings allotment in one month because we feel sure that we will "get a good break" financially in the subsequent month. It is poor business to incur obligations that we can see no definite way of meeting when they fall due in the future. We cannot get rich on "hope" alone; it is the part of wisdom to make honest appraisals of our financial circumstances and plan our future income building accordingly.

"Intelligent Use of Present Income Will Assure Financial Independence."

Life Insurance Is Essential to the Farmer

How Insurance Can Be Used to Advantage By Those Engaged in Agriculture

By FLORENCE PROVOST CLARENDON

"Thus the farmer sows his seed;
Thus he stands and takes his ease;
Stamps his foot, and claps his hands,
And turns around to view his lands."

IN childhood we formed a circle of playmates and danced around as we sung this old nursery jingle with appropriate gestures. We used to wonder *why* the farmer "stamped his foot" as we paused in the dance to vigorously illustrate his action. Now in mature retrospect it occurs to us that possibly that particular farmer stamped because, in viewing his lands, he realized they were mortgaged to the hilt.

Protecting His Assets

The farmer's capital is tied up in the future of his crops. If he is successful and progressive, he naturally widens the field of his endeavor, buys more land, pays down what he can, and, if necessary, places a mortgage for the balance. Through scientific methods and the use of up-to-date implements, the modern agriculturist is in a position to materially increase his financial standing, and to broaden his intercourse with the outside world. He runs a motor-car for his family's recreation as well as a tractor and motor-truck for his farm business. He takes precautions to protect his growing interests which are in line with his progressive and businesslike methods of farming. He insures his farm buildings for their value; he frequently insures his cattle, horses and other live stock as important assets of his business; he invests in modern agricultural machinery to facilitate his work and bring his crops to a greater capacity of fruition.

So far, so good. But there is still another matter which calls for attention and insurance coverage. It is the necessity for providing protection to cover the mortgage on his farm in case he dies while this lien is still existent. Life insurance is the only practical stop-gap for this contingency. Whether the family will work the farm, or try to sell it after his death, it goes without saying that a mortgaged home is a poor asset to leave to dependents.

According to a statement issued by the Department of Commerce, through the Bureau of Census, 54% of the homes in the United States in 1920 were rented; 28% were owned by their occupants free from encumbrance; and 17.5% were owned by their occupants *but were mortaged.* In 1920 the farm mortgaged debt in the United States totaled $4,003,767,192. In 1925 it had increased to $4,517,258,689. It has been estimated that the average farm mortgage is approximately $4,000. It would be interesting to know just what percentage of the total farm mortgage indebtedness is protected by life insurance. The agriculturist who has a mortgaged farm usually plans to wipe out this debt by a series of payments at fixed intervals. He looks to his crop profits to pay the indebtedness. It is obvious that to carry out his purpose he must live long enough to earn the necessary profit to meet these periodic payments. Should he die before he has freed himself from the lien on his property, there is an even chance that he will not leave enough assets to pay off the mortgage and otherwise protect the family. In such event foreclosure of the mortgage adds to the family troubles.

But the thrifty and up-to-date farmer provides against this contingency by taking life insurance for the specific purpose of protecting his mortgage. This coverage is just as important—indeed far more so—than insurance protecting the value of the livestock and the farm buildings against unexpected happenings. Many farmers own only the equity in their farms, and this equity depends to a considerable extent on his knowledge of farming, his credit, and his business ability. If he dies in active life when his personal supervision is essential to the success of the farm, this equity is appreciably diminished. Life insurance then represents the asset which covers the economic loss through the farmer's death.

A Necessary Expense

Let us assume that the farm is worth, say, $20,000 and is mortgaged for $10,000. A man 35 years of age can protect this indebtedness at an outlay of approximately $200 a year, if he takes insurance on the Ordinary Life plan. This cost for life insurance to protect the mortgaged farm should be looked upon by the farmer as a logical and necessary item in annual expenses. A few acres of special crops, perhaps some slight extension of dairy or poultry activities would finance the premiums.

Meantime appreciable cash, loan and surrender values are being built up under this insurance. If the mortgage is paid off during the farmer's lifetime, then this *additional* protection

(*Please turn to page* 435)

A Dual Budget System for "Special" Incomes

A Solution for the Budget Problems of Families Which Have to Plan for an Irregular Rate of Income

By M. M.

BUDGETING has now become so much a part of the thrifty American household, that it may be said that the vast majority of the families in this country manage their exchequers on some definite plan. Sample budgets have been prepared for all classes and for all types of incomes. Families with *variable* incomes, however, have received but scant attention, yet there is certainly an enormous number of families, whose income varies considerably from month to month.

Take, for example, the case of a man who works purely on commission. With seasonal changes, this commission brings in now more, now less money. With other men earnings consist of salary *plus* commission. Here the salary can be depended upon but the extra commission varies from month to month and from season to season. Even apart from those who work on a definite salary plus commission basis, there are many men who in addition to their salary find it possible from time to time to earn some additional money.

I happen to be such a person, and though I am not engaged in the ordinary line of commerce, my experience may be useful to others. After several unsuccessful attempts to prepare a general *average* budget which would allow for periodic variations in income, I eventually decided to keep a budget which is frankly two-fold, a budget which provides for regular income and regular expenditure, and for special income and special expenditure.

My regular income is the same each month, and my regular expenditure varies only slightly from month to month. My regular expenditure provides for rent, household overhead (gas, light, telephone, newspaper), fixed weekly amounts for food and service, monthly payments on furniture, so much a month for clothes for each member of the family, a commutation ticket for myself, and a personal allowance of so much a week for myself.

The only items which call for special comment are those dealing with household up-keep (food and service) and my personal allowance. I give my wife a fixed amount each week (it happens to be $15) with which to buy food for the family. My family, incidentally, consists of four persons, three adults and an infant. This money has to cover all ordinary expenditures for food, including the monthly bills for milk and ice. It also covers laundry. An additional nine dollars a week procures the services of a cleaning woman who comes in every day for half a day.

My personal allowance of ten dollars a week may seem rather large in proportion to my other expenses. But this allowance not only covers lunches in town every day, but also various small items of household expenses, such as postage, telegrams, suit-cleaning, barber, tobacco, candy for the family, etc.

The accompanying tables show how my budget system works out on paper. The figures are taken from my records of a recent month and are all authentic. It happened to be a particularly good month as far as "special income" was concerned. Many months the special income does not run above $100 and at such times the "special expenditures" have to be cut down in corresponding scale. In both the regular and the special budget, a balance to my credit is left after deducting all expenditures from the monthly income. This is provided for intentionally and the balance is carried over to meet the extra expenses in those months that have five weeks instead of four weeks, as far as payment of the weekly expenses are concerned.

Distribution of "Regular" Income

Estimated

Receipts

Salary	$300.00
Previous Balance	17.00
Total	$317.00

Expenditures

Rent	$90.00
House Overhead	20.00
	110.00
Clothes (adults)	30.00
" (baby)	5.00
	$35.00
4 weeks' food	$60.00
4 weeks' servant	36.00
	$96.00
Commutation ticket	$5.00
4 weeks' personal allowance	40.00
	$45.00
Installment on Furniture	$10.00
Total	$296.00

Regular income is used to pay fixed household expenses

Actual

Receipts

Salary	$300.00
Balance	17.00
Total	$317.00

Expenditures

Rent	$90.00
Telephone	5.73
Gas	2.76
Newspaper	1.73
Electric Light	2.73
	$102.72
For Mother, Wife (each $10.00)	20.00
" Self	7.00
" Baby	4.00
	$31.00
4 Weeks, Food and Servant at $24.00.	$96.00
Commutation ticket	$5.00
4 weeks' personal allowance	37.50
	$42.50
Installment on Furniture	$10.00
Total	$282.22

A glance at the itemized list shows that there is always a small credit balance at the end of each month, as regards my regular income and expenditures. This allows for a little leeway in case of trouble or unexpected household expenses. I allow this credit balance to grow until it reaches a sizeable figure, and then transfer the money to my savings account or otherwise invest it.

Now, as regards my "special" income. This includes income from stocks and bonds (I have managed to save about $15,000 all of which is safely invested), but the major part of this special income comes from money that I am able to make on the side. In my particular case this additional money comes chiefly from articles, from lectures, and from books. My books, being rather technical, do not have an immense sale, but they nevertheless bring in a substantial addition to my income. Altogether this "special" income is frequently about as much as my regular income, though the amount varies from month to month, spring and autumn being the best periods.

The trouble with most people in my position (as I know from personal experience) is that they come to regard special income such as this as regular income. They look upon such income as permanent, and rely upon it to balance their budget. In former years I made this mistake, but such a mistake may (and usually does) lead one into serious difficulties in the way of debt.

Now, I see to it that my regular expenses are never so great that they have to depend upon special income. At no time should I be seriously handicapped if this special income were to disappear, and disappearance of special income, at least for a period, is exactly what one has to look out for at any time. In my case, for example, a new book may not meet with success, for several months none of my articles may be accepted, and paying lectures may be few and far between. Nevertheless, though I have learned not to depend upon it, this special income means a great deal to me, and I am always seeking means whereby it may be sustained and increased.

This special income covers, of course, any special, unusual outlay which may be necessary, but the major part of this money is invested in bonds and stocks. Stocks can be secured in small quantities, one or two shares at a time, so that I can buy stocks from time to time without further ado, but as bonds are usually issued only in $500 or $1,000 amounts, it means that I sometimes have to wait several months before I can save up enough money to buy a single bond. In the meantime, however, this gradually increasing surplus money draws interest in my savings account.

But though the greater part of my special income goes for investments, I do not feel it necessary to save *all* of this money. When times are good, and money comes in easily, I consider that we can afford a few luxuries such as theatres, week-end trips with my family, club-memberships, books and a baby (babies are certainly luxuries in these hard times). The ten dollars a month clothing allowance in the list of regular expenses allows for ordinary replacements but in times of plenty further sums from special income are set aside for new suits and dresses. Finally a certain amount of this special income goes to charity—general charity, sometimes, and money to semi-dependent relatives at others.

Needless to say, I see to it that my budget for special income and expenditure always balances in such a way as to leave a small cash surplus, even though most of the expenditure has been for investment securities. In this way I always have a certain amount of cash in hand in case of special need.

A final word must be said about certain details advisable in keeping a budget such as mine. In addition to my savings account, I keep two distinct current or checking bank accounts, with of course two distinct check-books, one to look after the regular income and expenditures, the other for the special income and expenditures.

Just before the beginning of each month I draw up an estimated budget, estimating the receipts and expenditures such as they *should* be for the following month. For the "regular" part of the budget, this procedure is very simple. For the "special" side of the budget, there is need for a little more guess work, but I usually have a fairly good idea of what my special income is to be for the succeeding month, and I draw up plans as to how this money should be spent. This last detail is essential, as otherwise too much of the special income would go for luxuries.

After the theoretical or estimated budget has been drawn up, the rest is simple. Parallel with my list of estimated receipts and expenditures, I have a column headed *actual* receipts and expenditures, and in this column I enter each item of money as it is actually received or spent. In this way I am able to keep a daily check on myself, and my budget.

It will be noticed that I make no mention of automobile expenses. Unlike most people with my income, I do not keep a car. I prefer to devote the money that such an expense would entail to keeping a part-time servant—and to adding to my capital investment. This, however, like other items, can be modified for each individual user.

Distribution of "Special" Income

Estimated

Receipts

Dividends and Interest	$51.25
Receipts from Articles and back royalty	100.00
Receipts from lectures	200.00
Previous Balance	12.50
Total	$363.75

Expenditures

1 share Swift & Co.	$130.00
Part payment on bond	100.00
To savings account	25.00
Extra clothing	25.00
Books and Theatre	20.00
Dentist	15.00
Miscellaneous Expenses	25.00
Total	$340.00

The bulk of Special Income goes into savings

Actual

Receipts

Dividend and Interest	$51.25
Sale of Stock Rights	22.00
Receipts from Articles and back royalty	150.00
Receipts from lectures	175.00
Previous Balance	12.50
Total	$410.75

Expenditures

1 share Swift & Co.	$128.00
Payment on bond	100.00
To savings account	50.00
Extra clothing	23.00
Books and Theatre	16.00
Dentist	9.00
Doctor	21.00
Wedding present	5.00
Special dinner	7.00
Things for the baby	11.50
Total	$370.50

Competent Investment Counsel Essential for the Inexperienced Investor

Some Practical Rules to Guide the Beginner

By T. V. S.

It is surprising the number of people who confidently enter the investment field with little or no knowledge of this highly technical subject, and who invariably begin at the top of the ladder instead of at the bottom, with the result that they are unprepared for the fall that usually follows.

These same individuals would hesitate to venture into a business proposition without first making a thorough study of the subject at hand, but for some unexplainable reason "Investment" to many is a subject which each individual feels capable of handling without investigation on their own part or obtaining advice from those best qualified to guide them. It is, therefore, not at all surprising that many come to grief ere they have advanced very far along this difficult highway.

Investment vs. Speculation

If it were possible to give advice that would apply to all investors alike, it would be a simple matter to correct this condition; but due to the many factors that enter into the investment problem, each must be governed by his own individual requirements. For this reason only general rules can be laid down, which, if followed, may be an aid in avoiding the many pitfalls that await the unwary.

One of the first qualifications that the beginner must have, if he is to succeed, is the ability to discriminate between "Investment" and "Speculation." This is where the novice invariably fails, and until this important detail has been mastered, it behooves the beginner to proceed with care.

Speculation involves a degree of risk that can safely be indulged in only by the more experienced, and when attempted by a novice is nothing short of disastrous. Especially is this true where the individual is unaware of the fact that he is speculating. One of the contributing factors in this respect, and one which is most misleading, is the misuse of the word "Investment." Too often it is applied to dubious ventures and has the effect of lulling the inexperienced into a feeling of false security which would otherwise be impossible were they branded by their true name.

Speculation performs a necessary function in our economic structure, but, nevertheless, is a practice that should be left entirely to those competent and willing to assume the necessary risks which it involves.

Too often we hear people complain of their so-called "poor investments," when in fact they are not so much due to poor investments in the true sense of the word, as they are caused by straying outside of the investment field entirely, and speculating in highly volatile stocks with promise of large returns, instead of seeking first, safety of principal and a fair return, as an investor should.

Making Haste Slowly

Another contributing factor in this respect is the lack of deliberation, that is noticeable with many, in the selection of securities. The inexperienced invariably buy in a hurry and then seek advice afterwards, when, in many cases, it is too late. The successful investor proceeds along entirely different lines. He first ascertains whether the securities in question are sound and suitable for his particular requirements, and then buys only when satisfied that they conform to the desired standard. He is never in a hurry to buy for fear of missing opportunities, as is so often the fault of the beginner.

There is no field of endeavor where

BYFI'S INVESTMENT SUGGESTIONS

These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously, and will be replaced at any time it may become unfit for retention. Such changes will, of course, be brought to the reader's attention, if and when they occur.

THE FIRST $500

	Approximate Price	Yield to Maturity
Savings banks accounts are recommended for deposits of regular savings, to yield	...	4 to 4½%
Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan	...	5 to 6%
Endowment Insurance is a suitable medium for the investor and yields a return of...........	...	3 to 3½%
*Laclede Gas Light 1st and ref. 5½s, 1953......	103¼	5.25%

THE NEXT $1,000

	Approximate Price	Yield to Maturity
†International Mercantile Marine 1st & Coll. 6s, 1941	103	5.67%
*Montreal Tramway gen. & ref. 5s, 1955........	99	5.07%
‡N. Y. Steam Corp. 6s, 1947..................	105	5.57%
†Western Pacific 1st 5s, 1946................	99	5.09%

$5,000 FOR INVESTMENT

	Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952..........................	100	5.00%
Schulco Co., Inc., Guar., Ser. "B" 6½s, 1946....	102	6.30%
U. S. Rubber 1st 5s, 1947......................	88	6.10%
West Penn Electric $7 Pfd......................	110	6.37%
U. S. Smelting & Ref. $3½ Pfd..................	54	6.46%
American Sugar Refining $7 Pfd.................	108	6.48%

THE NEXT $5,000

	Approximate Price	Yield to Maturity
Seaboard Air Line 1st Cons. 6s, 1945............	84	7.68%
Nassau Electric 4s, 1951	59	7.85%
Western Maryland 1st 4s, 1952..................	81	5.40%
Brooklyn-Man. Tr. $6 Pfd........................	89	6.74%
International Paper, $7 Pfd.	104	6.73%
‡American Tel. & Tel. common ($9) ex-rts......	176	4.11%

* Available in $100 units. † Available in $500 units. ‡ Recommended to hold only.

Building Your Future Income

BY F I readers had the opportunity of reading how the author of this story obtained a profit of 28 per cent from investments made exclusively in bond issues, in a recent article in these columns. Here, he elaborates on the principles which he has employed in the achievement of such outstanding success in conservative investment dealings.

the fable of the "Tortoise and the Hare" so aptly applies as in the investment field. Here speed might well be dispensed with—in fact better results may be obtained by proceeding slowly and taking care that the securities are sound and properly diversified and otherwise suited to the individual's particular needs.

In this respect it might be of interest to relate that the writer has successfully applied these methods to his own investments, a description and tabulation of which appeared in the April 21st issue of THE MAGAZINE OF WALL STREET in connection with an article on bonds.

The Value of Patience

There was no undue haste in the purchase of these bonds, although in most instances funds were available for this purpose. In some cases months elapsed before new commitments were made, and although there was about five years between the first and the last purchases, it was the latter that showed the greater profit. This demonstrates conclusively that there is no need for haste with respect to investment, and that opportunities for profit do not disappear over night—in fact they are available at all times for the discriminating buyer who is on the alert to take advantage of opportunities.

The beginner at this stage might well ask, "If investment is so difficult, why should I trouble to learn about it at all when I can simply consult my banker or broker, who most certainly knows more about this subject than I do, and who I am quite sure will give me disinterested advice?" That is just what you are liable to get—disinterested advice, and it is a very good reason why you should become personally interested in your own financial affairs.

There is no gainsaying the fact that the beginner should seek advice of the financial expert in matters of investment, *but his efforts should not end here.* He should go sufficiently into the subject to enable him to understand thoroughly what investments are suitable for his needs, and not until this subject has been thoroughly mastered can the advice of others be of any real assistance to him.

If safety of principal alone were the paramount issue involved, irrespective of the yield obtainable, it would be a simple matter for the investor to select a high grade bond which would undoubtedly answer the purpose. Invariably, however, the average investor demands a better return than can be obtained with this type of security, with the result that it becomes necessary to look further afield for suitable material to satisfy these demands.

Shopping for Good Investments

It is when a situation of this kind arises that the experienced investor has the advantage of being able to analyze the various securities, thereby making it possible to extract profits that would otherwise be unobtainable in the usual sterotyped form of investing. In my own particular case I could cite numerous instances where being able to make my own selections netted me handsome profits which I feel quite certain would have been impossible had I depended upon disinterested advice to guide me, regardless of how well intentioned it may have been.

When you visit your doctor seeking advice, you must furnish him with a history of your case and tell him your symptoms, etc., otherwise he will be unable to prescribe for you. In like manner, when you seek financial advice, you must inform your financial adviser regarding your income, present investments, etc., without which he will be unable to serve you. It is often in this respect that the experienced investor has the advantage over the individual who has to depend upon another's judgment with regard to his needs. In the first place, what applies today may not apply tomorrow, and few take the trouble to keep their adviser informed of these changes. The experienced investor, however, knows his own status at all times and can judge to a hair what will be suitable for himself. In this way he is in a position to take advantage of opportunities which the average adviser might well consider unsuited to his client's requirements.

Bonds As the Basis

The beginner would do well to make bonds the basis of his financial structure, for the reason that this type of security is the safest form of investment—one that has known values and, therefore, can be bought with a greater degree of safety than is possible in any other type of security.

In making these selections investors may use to advantage the bond recommendations in this magazine as these bonds have been carefully selected by competent experts and represent the best in their respective groups. It, thereafter, remains for the investor to make a choice to suit his particular needs.

Although many mistakenly regard bonds as a type of security in which little or no capital appreciation is to be expected, it has been demonstrated many times that there are

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Investment Knowledge Is More Dependable Than Magic in the Accumulation of Wealth

OFFICIAL WASHINGTON APPRAISES THE BUSINESS OUTLOOK

(*Continued from page* 375)

Alignment of Production and Demand the Keynote for Industry

By Abram F. Myers
Member of Federal Trade Commission

An excess of productive capacity coupled with high power sales methods has resulted in oversold markets in some industries. In the better managed industries production is being kept within bounds and operations continue on a profitable basis. In others increasing sales resistance has led to a destructive competition under which production has been maintained at the sacrifice of profits.

It is also evident that the usual pre-election uncertainty is being manifested. While there have been numerous attempts to lay this ghost, it still stalks abroad. So long as elections carry the potentiality of change in the economic policy of the country, this uncertainty will manifest itself. This year there have been expressions of disappointment at the failure of leading candidates to declare themselves on important issues.

The surplus of capacity in many instances dates back to wartime expansion, and in some instances the condition has been aggravated by subsequent developments of capacity. The complete absorption of this excess will be a matter of years, not months. However, there is every indication that industry is aware of this condition and will guard against needless increases in productive capacity. The Chamber of Commerce of the United States of America, on May 11, adopted a resolution admonishing all interested in the promotion of new industries to look before they leap.

The problem of many industries in the immediate future will be to maintain a proper relationship between production and demand. An eye must be kept on the production chart. Action must be taken in the light of supply and demand conditions. Accurate data must be obtained and disseminated through trade association activity as to orders, shipments, stocks and other facts essential to an understanding of the situation in each industry. Pricing should be based on a full knowledge of production and distribution costs.

If these rules are followed (and there is every indication that in most industries they will be), there is no reason why the country should experience any considerable slump in business. We have been thundering down the road of prosperity and the time has come to catch our breath. Fundamental conditions are sound. The signal we see is not the red flash of danger but the amber light of caution. In the long run we shall be much better for having had a slight respite.

It is the consensus of opinion among the economists and business men I have met that, barring unforeseen political upheavals, conditions will show some improvement after the fall elections; that there will be some falling off again in the spring of 1929; and that in the fall of 1929 business will regain its stride and we will again enjoy the satisfactory conditions that have obtained during the past five years. Business should watch its step; but there is no call for pessimism.

Psychological Factor in Presidential Year Tradition

By United States Senator
Duncan U. Fletcher of Florida

Instinctively, I feel a little skeptical regarding business conditions during the last half of this year, though I know of nothing that positively warrants apprehension. The tradition that business slows up in Presidential campaign years is so old and strong that it is difficult to ignore it, even though students say the records of the past show it to be mostly a myth. I can see no reason for expecting during the last part of the year any great improvement over the present. If business in the country as a whole maintains a normal level I think we should be satisfied, if not pleased. General conditions now are fairly sound and if we can keep them in hand until the national campaign is over we will do well. At various committee hearings during the session of Congress there was a good deal of apprehensive talk, but no doubt much of it should be discounted because its purpose as a rule was to promote or block proposed legislation.

I am personally more familiar with conditions in the South, Florida in particular, than in the country as a whole. The outlook in Florida is very good and in the South as a whole it is assuring. If investments with reference to the future are a good indication of what to expect, the outlook in the South Atlantic area should be excellent. Railroad companies alone have spent something like $100,000,000 on improvements in that region during the last few years, and public utility companies have spent practically as much. Several of the railroad companies have added to their mileage in that section while the total railroad mileage of the country is declining. The 'Frisco system, for example, now reaches the Gulf at Pensacola by reason in part of recent new construction. The Seaboard Air Line, the Atlantic Coast Line and the Florida East Coast have each added to their mileage and other facilities in Florida and into Florida at a cost of millions. Hard-surface highways have been constructed and are being constructed extensively in Florida and generally through the South. Building operations are going on apace. Crops have been good and their prices excellent. Bank deposits and clearings have been increasing greatly.

Whatever happens to the country as a whole, I believe we can be reasonably sure of conditions continuing good in the south during the remainder of the year with, probably some net advance.

Strong Fundamentals and Absence of Inflation Indicate Maintenance of Active Levels

By Frank M. Surface
Assistant Director in Charge of Domestic Commerce, Bureau of Foreign and Domestic Commerce

The year '28 opened with business in a rather hesitating mood. There were some who predicted dire calamities; yet, the record of the first six months shows a steady if gradual improvement. Such fundamental business as steel, automobile and building industries have made excellent showings and these gains have been reflected into many other lines of business. Unemployment which appeared to be more prevalent than usual in the early months of the year practically disappeared with the opening of spring weather.

Although it is still too early to render final judgment on agricultural production, there seems to be an excellent outlook for most products. Furthermore, the prices of farm products have gradually worked to higher levels than for several years. If these conditions continue, it will mean a marked increase in the buying power of the agricultural public and this should react favorably on business in the last half of the year.

The relatively high prices maintained in recent weeks by the security markets have been a source of worry in some quarters. Much will depend upon the future developments in the credit situation. Although short time money rates have hardened somewhat there is a continued abundance of funds for commercial purposes. According to the Federal Reserve Board there has been a significant increase in commercial borrowings which indicate continued increase in business activity.

Stocks of commodities have been maintained at moderate to low levels and while there has been an upward tendency in the prices of manufactured products, this trend has been gradual with little evidence of inflation.

When the situation is viewed as a whole it is evident that the volume of current business is good and on a sound basis. Barring unforeseen calamities there is every prospect that business should continue on a good level for the remainder of the year.

TRADE TENDENCIES

Industrial Activity at Fair Levels

Trade Conditions Still Provide Room for Improvement—Seasonal Decline Likely to Be Less Marked Than Usual—Commodity Prices Lower

STEEL

Buying Conservative

THE seasonal slackening in comparison with recent high levels of steel demand is accentuated by the fact that many buyers, sensing a possible reduction in prices in view of the sliding scale of mill operations and the opening of the political campaign, are unwilling to make any extensive forward specifications. On the other hand, it must be admitted that production is holding up surprisingly well for this time of the year; strengthening the belief that changes in unfilled tonnage of the Steel Corporation are losing their barometric importance in determining the actual trend of steel consumption. The decline of 455,311 tons in unfilled orders of the Steel Corporation in May merely reflects a further departure from the former policy of anticipating requirements months in advance to the present day hand-to-mouth policy of consumers, which has been developing gradually

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THE TREND IN MAJOR INDUSTRIES

STEEL—Industry continues to slow down slightly, although operations are ahead of same period a year ago. Demand is lighter and of hand-to-mouth character, but order volume while not of large proportions is steady. Companies should report slightly improved earnings for second quarter in view of better price situation.

METALS—Foreign copper demand is easing off, while domestic buying is steady with price unchanged at 14¾ cents. Production in May showed a gain in accordance with heavy trend of consumption but statistical position of industry is still favorable. Lead and zinc firm.

PETROLEUM—Advance in price of kerosene reflects growing strength of refined products. Continued heavy consumption of gasoline and upward price trend should result in more favorable earnings to refiners. Crude production from week to week shows small variations from high levels but markets are generally firmer.

AUTOMOBILES—Motor car output is holding up well and decreases in some sections of industry may be partially offset by increased Ford production. Abolition of excise tax is stimulating sales, while continual flow of cars into export trade is also helpful factor.

MEAT PACKING—Outlook is more favorable as conditions show gradual improvement. Upward trend in pork should be reflected in material gains in earnings, particularly to those companies with large inventories accumulated at lower prices. Satisfactory situation for by products, such as leather and fertilizer, also improving packers' position.

LUMBER—Continued efforts to create a more favorable balance between supply and demand are having desired result; and the industry is in a better statistical position than in some years. Volume of new business is steadily increasing; and higher tendency of prices should be quite profitable for well situated companies.

ELECTRICAL EQUIPMENT—Sustained industrial activity permits steady growth. Expansion programs of public utility companies provide continued outlet for electrical equipment products; and prospects for leading manufacturers are bright.

PAPER—Overcapacity of industry is responsible for recent reduction of $3 a ton in news print prices, despite unprecedented rate of consumption. Heavy demand, however, which shows no signs of diminishing, should sustain profit margins of leading producers.

SUMMARY—Although general business advance has been slow, notable improvement in some industries is apparent. In others, despite encroachment of usual summer dullness, activity holds, and operations are on a higher level than a year ago.

COMMODITIES*

(See footnote for Grades and Unit of Measure)

	1928 High	1928 Low	1928 *Last
Steel (1)	$33.00	$33.00	$33.00
Pig Iron (2)	17.00	15.35	15.35
Copper (3)	0.14¾	0.14	0.14¾
Petroleum (4)	1.90	1.03	1.28
Coal (5)	1.85	1.52	1.85
Cotton (6)	0.21¾	0.17¾	0.21¼
Wheat (7)	2.22	1.50⅞	1.77¼
Corn (8)	1.27¾	1.06	1.20¼
Hogs (9)	0.10	0.07⅝	0.09
Steers (10)	16.50	12.00	14.50
Coffee (11)	0.17¼	0.14½	0.15½
Rubber (12)	0.41	0.17½	0.19¾
Wool (13)	0.50	0.44	0.48
Tobacco (14)	0.12	0.12	0.12
Sugar (15)	0.04⅝	0.04¼	0.04¼
Sugar (16)	0.06⅛	0.05⅝	0.06⅛
Paper (17)	0.03¼	0.03¼	0.03¼
Lumber (18)	22.33	19.96	22.30

* June 2.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

ARE THE DIVIDEND POLICIES OF OUR LEADING RAILROADS SOUND?

(Continued from page 379)

railroads in the United States are in a position to touch that level now, and they are not likely to be in the next few years. I feel sure that President Storey holds that opinion with regard to the Atchison.

Sooner or later, it will capitalize a part of its enormous surplus to which I have called attention, by the issuance of good-sized blocks of common stock, from time to time. Whether it will come as stock dividends or be offered to shareholders on particularly attractive terms, or both, I will not undertake to say. One or the other seems inevitable. In addition there may be occasional extra cash dividends.

As a general policy, I do not regard stock dividends wise for the railroads. They need too much money.

Obviously, on the basis of physical and financial conditions, actual and prospective earnings, the Atchison is not paying too large a dividend on its common stock.

The Long Island

Turn next to a decidedly weaker road, which recently took surprising dividend action — the Long Island. Early in April its directors declared a cash dividend of 4% payable on May 1. This was the first distribution of its kind since 1896. As the Pennsylvania owns 99.92% of Long Island stock outstanding, practically all of the $1,369,410 required for the payment of this strange dividend has gone into the treasury of that company. It is stated that the dividend will be paid from a surplus of $3,272,520, earned after deductions, in 1927. In 1926 that balance was $3,143,633. Word also comes from Philadelphia that a similar dividend may be expected annually.

One of the strangest features of this dividend action is that it was taken only a few weeks after both the Public Service Commission and the Transit Commission of New York City denied an application of the Long Island for a 20% increase in commutation rates, both outside and inside the City of New York.

The general counsel of the Association of Long Island Commuters called attention to the fact, in connection with this dividend action, that George Le Boutillier, Vice-President of the Long Island and active executive official, testified under cross-examination at the hearing on the application for the 20% increase, that the road was "just about one jump ahead of the sheriff."

Query—(1) If that actually was its financial position then, which evidently was not the fact, what is it now after May 1, when the 4% dividend was paid into the Pennsylvania treasury?

Query—(2) When will the directors and officers of the Long Island Railroad, and of our railroads rather generally, realize that the public cannot be influenced by any such contradictions as furnished by the statement credited to Mr. LeBoutillier, on the one hand, and the balance shown for dividends in recent years and the declaration of a 4% dividend on Long Island stock, on the other?

If the company could show, as it did, a balance after charges of $3,272,520 for 1927, obviously there was no occasion for a 20% increase in commutation fares. If, on the other hand, a month or less before the 4% dividend was declared, the road was actually "just about one jump ahead of the sheriff," certainly the dividend action was entirely unjustified.

The New Haven

And then there is the New Haven, a road that in the last 15 years has gone through all kinds of trouble. Practically wrecked financially as well as physically, by the unbounded ambition of Charles S. Mellen, to control, for the New Haven, all the transportation lines within, and along the coast of New England, a receivership was averted only by the support of powerful bankers. It has been necessary within those 15 years to practically rebuild the physical property as well as to re-cast extensively the financial structure.

Slow but steady progress was made on each phase of this difficult task, until the directors felt that the company was in a position to finance some of its capital requirements through the sale of preferred stock—and altogether new issue for the New Haven.

It was put out to repay in part large Government loans. The amount was $49,036,700, and apparently was a good piece of financing. Dividends were begun November 22, 1927, at the full quarterly rate of 1¾%, and are cumulative.

There is far greater interest in dividends on New Haven common. A disbursement of 1% on that issue was voted by the directors on February 14, 1928. It was characterized in the official announcement as a "special dividend." This means that it was not for any given period and cannot be regarded as a regular payment in the future.

President E. J. Pearson makes this interpretation of the dividend action perfectly plain in the following brief statement:

"Since 1923, to and including 1927, your company has earned a net income totaling $30,205,850, or $2,980,912 more than the aggregate deficit of 1919-1923. In view of the large profit and loss deficits of the past several years it was necessary to overcome the accumulated deficit in net income before starting a division of profits. This and the present very small profit and loss margin of the company dictate a policy of sound financial caution and that no definite annual dividend rate shall be declared at this time."

Was the declaration of even the "special dividend" wise, does some conservative student of the New Haven situation ask? In my judgment it was not. Some of the directors were of the same opinion. They thought that the starting of dividends on the common should be deferred until the company was in a stronger position financially and still more money had been expended on the upbuilding and development of the property.

Others thought that stockholders who had held on for fourteen years with no dividend, whereas in the palmy days of the New Haven from 1873 to 1895, they derived their chief income from the 10% dividend that was paid regularly within that 22-year period, should get a little something at least. The continuance of the 1% dividend at anything like regular periods will depend largely upon earnings. So far this year they have been good in comparison with 1927.

The Erie

Just one other railroad with an unenviable dividend record—"The Poor Old Erie." The facts are that it is not nearly so poor, either financially or physically, as it used to be—and, moreover, the property has been pretty largely renewed.

There can be no hope of a dividend on Erie common in the immediate future—for two reasons. Dividends at the rate of 4% a year on both the first and second preferred must be covered first, unless they are retired, as has been rumored for some little time. Secondly, net income for 1927 was equal to only 63c. a share on the common. To be sure, in the peak year 1926 it was 6.71%. Even the latter figure would not justify a dividend, say of 4% a year, on Erie common. The company is only beginning to "come out of the woods." Much needs to be done yet to strengthen its financial position and structure and to improve its physical facilities.

No dividend has been paid on either preferred stock since 1908. Common stockholders never have received anything on their investment, although the company, in its present corporate form, has been in existence since December 1, 1895.

What is the matter with a railroad, running between New York and Chicago, with numerous important branches to other large cities, that has not paid a dividend on its common stock for 33 years since reorganization, and has not given its preferred stockholders a cent in 20 years? Find out what the fixed charges have been all that time, and how much common stock has been outstanding, and you will have a large part of the answer.

Listen to what J. J. Bernet, president, says on the preferred dividend outlook. "I have no prophecy to make as to when dividends will be paid on

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·SERVICE·SECTION·

ANSWERS TO INQUIRIES

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The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousand currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

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1 Be Brief.
2 Confine requests for an opinion to three securities.
3 Write name and address plainly.

SHELL UNION OIL

What is your opinion of Shell Union Oil? I have been reading recently of the pronounced improvement in the oil situation and have been urged to buy Shell Union around the current price.—A. W. N., Trenton, N. J.

Shell Union Oil is a completely integrated unit in the petroleum industry, representing the largest and most profitable of the Royal Dutch properties, and comprises substantially the entire American interest of the parent company. It ranks as the third largest producer in the United States. Despite extremely liberal charges for depreciation, depletion, etc., profits enjoyed rapid expansion from 1922 but, as was to be expected, earnings declined sharply in 1927, due to generally lower prices for its products, together with heavier depreciation charges and interest on new funded debt. Income last year was equal to $1.10 a common share against $3.05 a share in 1926, followed by 15 cents a share in the first quarter of 1928, compared with 50 cents in the first three months of 1927. However, the company has not been idle in further fortifying its position, having greatly extended facilities in the past year, and a new source of supply has recently been opened up in West Texas. The company has indicated its willingness to cooperate with other large producers in exercising sane control over production, financial position is exceptionally strong and, all in all, it seems in position to show continued excellent growth under reasonably favorable trade conditions. The season of largest consumption lies just ahead, with gasoline prices likely to range considerably higher, and those companies extensively engaged in the refining and marketing end of the business stand to benefit substantially. Dividends at the current annual rate of $1.40 a share seem secure, a fair income return is afforded at present prices, and the stock has distinctly favorable possibilities of appreciation over the longer range.

NATIONAL CASH REGISTER

I bought 50 shares of National Cash Register several years ago at 41. Would you advise me to hold on the stock in the expectation of getting a larger profit out of it and a better dividend? —T. L. W., Camden, N. J.

National Cash Register, with operations world-wide in scope, occupies a dominant position in its field, manufacturing upward of 600 styles of cash registers, in addition to accounting machines, credit files and a number of specialty machines, with several new types to be introduced this year. Capitalization consists of 1.1 millions $3 cumulative common class A shares and 400 thousand $3 non-cumulative common class B shares, both of no par value. After $3 a share has been paid on each class, with the class A having preference, both classes participate equally in further distributions. Under participating provisions of the stocks, earnings in 1927 were equal to $4.70 a share on each class of stock, followed by 99 cents a share in the first quarter of 1928. With new products likely to stimulate sales and steadily increasing foreign business earnings this year should show an appreciable gain over 1927. Nevertheless, while financial position is strong, an upward revision in dividends on the class A does not seem a prospect of the reasonably near future inasmuch as this would call for a large cash appropriation, which does not seem warranted by developed earning power to date. However, the shares commend themselves as income media, and the long term outlook for price appreciation is favorable.

AMERICAN ICE

I hold 100 shares of American Ice having originally purchased 25 shares in 1926 at 96. My stock, you will see, averages me about $24 a share, and it pays me a substantial dividend. What is your opinion of the outlook for this stock.—N. W. A., Augusta, Maine.

Giving due consideration to certain adverse conditions prevailing during 1927, particularly unseasonably cool summer months, American Ice may be said to have given a good account of itself when profits were equal to $2.92 a common share on the 600 thousand common shares now outstanding against comparative earnings of $3.03

(*Please turn to page* 429)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Avoiding Losses and Making Profits When Security Prices Break

LIQUIDATION of the highly speculative favorites when stock market prices break results in a sympathetic reaction all through the list. It is then that the value of a security advisory service is tested.

The Investment and Business Forecast of The Magazine of Wall Street has again successfully met this test. Our subscribers always have the reassurance of knowing that they will be definitely advised whether it should be to their advantage to hold or to close out their commitments regardless of current reactions.

The unguided investor and trader, on the other hand, frequently loses his sense of values during such crises and almost invariably disposes of the very securities he should hold, and retains those which he should close out.

Recent Breaks in Stocks Create a New Opportunity to Take a Profit-Making Market Position

IN its present condition the stock market offers an unusual number of opportunities for quick trading profits. There are also many sound, dividend paying securities which are now available at "bargain" prices.

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(d) wire you within the next six weeks (in addition to the regular and special advices of the Forecast) individual profit recommendations covering three stocks of which we will keep a card index record and advise you by personal telegram when to close them out. We endeavor to send only one of these recommendations at a time.

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☐ Wire me collect upon receipt of this coupon, three to five stocks to buy at the market as mentioned in (a).

ARE THE DIVIDEND POLICIES OF OUR LEADING RAILROADS SOUND?

(*Continued from page* 410)

the preferred stock, but another year or so ought to tell the story.

"We wrote off much obsolete equipment and readjusted our depreciation account last year, so that now it may be fairly said that we have set our house in order. The property of the Erie is in better physical condition than ever, and the road has the best business-getting organization it ever has had.

"To those interested in my policy regarding dividends, I suggest that they review the history of Nickel Plate since 1916, when I joined them."

A glance at that record shows that the dividend on the common stock of the present company was increased from 1½% quarterly, paid from 1923 to 1926, to 1½% quarterly and 1¼% extra, and even to 2¾% quarterly.

The dividend policy of all the big and strong systems has been sound. New York Central, with 13.89% earned in 1927, is paying 8% a year. It has been definitely and persistently reported just recently that George F. Baker, Sr., who owns thousands of shares of New York Central, has told close friends that it will be put on a 10% basis before the end of this year and should sell well above 200.

Pennsylvania, earning 6.83% in 1927 and 6.76% in 1926, is paying 7% a year. Southern Pacific, with earnings equivalent to 9.05% a share a year in 1927, has kept to a 6% dividend for some years. The directors feel that until the company is more nearly through with its extensive building program and net earnings are larger than they have been in recent years, the dividend should not be increased. Some day it will be raised to 7%, and perhaps to even a higher rate.

Northern Pacific and Great Northern are tied up on the dividend question temporarily by an understanding that while the merger agreement is pending no change will be made in the present 5% dividend by either company. Such a change would upset the basis of exchange for securities. The Northern Pacific earned 7.48% in 1927 and 8.47% in 1926. The Great Northern showed 9.34% last year and 10.42% year before. The Burlington dividend appears to be "pegged" at 10%. A substantial surplus is earned each year. The company is in a strong position in every respect.

Many investors are tempted these days, with the high prices of pretty much all necessities, as well as luxuries of life, to look for the securities paying the largest dividend or highest rate of interest, and thereby giving the largest net return on the purchase price. This is an unsound and unsafe practice, whenever prices for securities

are unduly high, as was pretty generally true until the recent sharp breaks. Before you buy a stock or bond yielding an unusually high return look carefully into the physical condition of its property, actual earnings and earning power, the financial structure, together with the outlook for earnings.

With present prospects, the big systems will be able to continue present dividend rates. With better business, some of them will be in a position to pay still higher rates, and quite probably will do so. If, on the other hand, there are indications of a general and sharp business depression, look out for the stocks of the roads whose directors have stretched a point in voting present dividend payments.

SOME STOCK MARKET ODDITIES

(*Continued from page* 395)

of the agreement. Then the cables presumably will again be in the cable company's hands to do with as it sees fit.

The low selling price of the stock reflects the uncertainty which surrounds the situation. What value these cables, which are more or less antiquated because of the more efficient cables which have since been laid, may have to a company with practically no land connections is difficult to estimate. It is fairly possible that Western Union may be willing to enter into a further agreement, perhaps continuing to rent the lines at a lower rental, perhaps making an offer to purchase the cables outright. It is on these vague possibilities that the present value of the stock, aside from the rentals which remain to be paid, rests.

A Business Transformation

American International Corporation is a conspicuously active issue on the New York Stock Exchange largely because it has undergone a complete transformation during the past three or four years. It was organized originally to engage in foreign trade and commerce of all kinds and during the post-war period it enjoyed tremendous profits. In the subsequent depression the company found its assets frozen and its stock holdings greatly depreciated in value. The price of American International dropped precipitately. Years were required to liquidate its investments and put the company back on its feet. When the process was successfully accomplished the company was no longer a trading concern at all but an investment trust.

Appreciation of this fact in the past year, when the vogue of the investment trust was beginning to be recognized, resulted in a rapid upbidding of the company's shares which rose from 37 last year to above 100 in the current year. American International's charter provided for a broad scope of

operations. Thus, as an investment trust, its management is not hampered by any restrictive operating rules. Moreover, its directorate, always containing some of the most conspicuous talent in American business and finance, last year achieved further distinction in this respect. When the investment trust idea was combined with some of the country's most brilliant business ability, it was natural that the stock of such an organization should not be measured by a yardstick which multiplied earnings by some arbitrary figure.

A loan recently floated in New York affords an interesting contrast on the way religious institutions operate today as compared with only a few years ago. The $3,000,000 Roman Catholic Church Welfare Institutions in Germany 20-year sinking fund 7% bonds provided funds for various institutions which are operated in an efficient, up-to-date business way. The funds will be reloaned to such institutions as the German Catholic Charity Union, Catholic School Organization of Germany, and the German Union of Catholic Homes. The reloans will be secured by property having in each case a value at least four times the principal amount of the reloans. Such loans will be made only to borrowers having, in 1925, gross revenues equal to at least four times the interest and sinking fund payments on the reloans. The sinking fund provides for entire redemption by maturity. Such provisions reflect a changed method for financing charity institutions. The gross revenues above referred to must be derived from the earning revenues of the institutions and from taxes and other revenues exclusive of any voluntary contributions.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$4	Abitibi P. & P. cm....	$1.00	Q	6-30	7-20
$6	Abitibi P. & P. pf.....	1.50	Q	7-10	7-20
$2	Air Reduction	0.50	Q	6-30	7-16
$8	Am. Smelt. & Ref. cm.	2.00	Q	7-13	8-1
$3	Am. Steel Fdys. cm....	0.75	Q	7-2	7-14
$8	Am. Typefounders cm..	2.00	Q	7-5	7-14
$7	Am. Typefounders pf...	1.75	Q	7-5	7-14
$2.52	Assoc. Dry Goods cm..	0.63	Q	7-14	8-1
$4	B. M. T. cm............	1.00	Q	6-30	7-16
$6	B. M. T. pf............	1.50	Q	6-30	7-16
$3	Canada Dry G. A......	0.75	Q	7-2	7-16
$5	Crucible Steel	1.25	Q	7-16	7-31
$3	Chic. Yell. Cab........	0.25	M	7-20	8-2
$2.40	Fair, The, cm..........	0.20	M	7-20	8-1
$4	Freeport Texas	1.00	Q	7-14	8-1
..	Freeport Texas	0.75	Ext	7-14	8-1
$6	Gen. Motors pf.........	1.50	Q	7-9	8-1
$6	Gen. Motors deb.......	1.50	Q	7-9	8-1
$7	Gen. Motors pf.........	1.75	Q	7-9	8-1
$4	Jewel Tea cm...........	1.00	Q	7-3	7-16
$3	Johns-Manville cm.	0.75	Q	7-2	7-16
$3.60	Liquid Carbonic	0.90	Q	7-20	8-1
$1.60	Loose Wiles, cm.......	0.40	Q	7-18	8-1
$5	Macy, R. H.	1.25	Q	7-28	8-15
$50	Mahon'g Coal RR. cm.	12.50	Q	7-16	8-1
$3	Packard Motor	0.25	M	7-14	7-31
$8	Peoples Gas	2.00	Q	7-3	7-17
$4	Philadelphia Co. cm....	1.00	Q	7-2	7-31
$6	St. Louis-San Fran. pf.	1.50	Q	7-14	8-1
$8	Southern Ry. cm........	2.00	Q	7-2	8-1
$1	S'eastern P. & Lt. cm..	0.25	Q	6-30	7-20
$1	Transue & Williams....	0.25	Q	7-1	7-15
$3	Wrigley, Wm., Jr......	0.25	M	7-20	8-1

New York Stock Exchange

RAILS

	Period Pre-War 1909-1913 High	Low	Period War 1914-1918 High	Low	Period Post-Wat 1919-1927 High	Low	1928 High	Low	Last Sale 6/20/28	Div'd $ Per Share
Atchison	125⅝	90¼	111⅛	70	200	91¾	197⅛	182⅜	187½	10
Do Pfd.	106¾	96	102⅝	75	106¾	72	108½	102½	107	5
Atlantic Coast Line	148⅛	102⅛	126	79⅞	268	77	191½	164	†167	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	125	27⅝	119⅞	103¾	106¾	6
Do Pfd.	96	77¼	80	48¼	83	38⅛	85	79	79	4
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	77¾	53⅜	60	4
Do Pfd.	..	..	..	..	89¾	31⅝	95⅜	82	†89	6
Canadian Pacific	283	165	220⅛	126	219	101	223¾	195½	200	10
Chesapeake & Ohio	92	51⅛	71	35⅝	218½	46	206¼	175½	178	10
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	40½	22¼	32¼	..
Do Pfd.	181	130½	143	62¼	76	7	51⅜	37	42¼	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	94¼	78	79	4
Chicago, R. I. & Pacific	..	..	45¾	16	116	19⅛	122⅝	106	111	6
Do 7% Pfd.	..	..	94¾	44	111¾	64	111⅛	106¼	†107	7
Do 6% Pfd.	..	..	80	35¾	104	54	105	100	†101½	6
Delaware & Hudson	200	147½	159½	87	230	83¼	226	163¼	184	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	150	129	132½	‡6
Erie	61¼	33½	59½	18¾	69¾	7	66½	48¾	50½	..
Do 1st Pfd.	49¾	26¼	54¾	15⅛	66¼	11⅛	63⅞	50	50¼	..
Do 2nd Pfd.	89⅛	19⅛	45⅝	13⅛	64½	7⅛	62	49¼	49¼	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	103⅞	50⅝	109	93½	98⅞	5
Hudson & Manhattan	..	..	..	..	65⅞	20⅝	73⅛	51	57⅝	2½
Illinois Central	162½	102¾	115	85¾	139⅜	80⅞	148¾	131¾	†136	7
Interborough Rap. Transit	..	..	..	..	58¾	9½	62	29	37	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	70⅛	13½	63⅛	43	44¼	..
Do Pfd.	75½	56	65½	40	73½	40	77	70	†67	4
Lehigh Valley	121¼	62½	87⅛	50⅜	137⅛	39½	116	84⅛	97⅞	3½
Louisville & Nashville	170	121	141⅞	103	159⅛	84¾	159½	142	†145	7
Mo., Kansas & Texas	*51⅛	*17⅛	*24	*3⅛	56½	*⅜	41½	30½	33⅛	..
Do Pfd.	*78¼	*46	*60	*6½	109⅛	*2	109	101½	102¾	7
Missouri Pacific	*77½	*21½	38⅛	19⅞	62	8⅛	69⅝	41⅞	58¼	..
Do Pfd.	..	..	64⅞	37½	118⅝	22¼	123⅜	105	112	..
N. Y. Central	147¾	90⅝	114¼	62½	171⅛	64⅛	191½	156	170½	8
N. Y., Chi. & St. Louis	109¾	90	90¾	55	204½	23¾	146	124	125⅝	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	63⅜	9⅝	68⅜	54⅜	55	1
N. Y., Ontario & W.	55⅜	25⅛	35	17	41¾	14¼	39	24	25⅛	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	202	84¼	197	175	176¼	‡8
Northern Pacific	150½	101¾	118⅞	75	102⅛	47⅞	105½	92⅜	95⅛	5
Pennsylvania	75⅝	53	61½	40¼	68	32¼	72½	61⅞	63⅛	3½
Pere Marquette	*36½	*15	38⅛	9½	140¾	12⅛	146	124⅞	131	‡6
Pittsburgh & W. Va.	..	..	40⅜	17¾	174	21⅛	161	121¼	128	6
Reading	89⅝	59	115½	60⅛	123¾	51⅞	119⅜	94¼	98½	4
Do 1st Pfd.	46¾	41¼	46	34	61	32⅞	46	42⅛	†43½	2
Do 2nd Pfd.	58¾	42	52	33¾	*65	32½	59⅞	44	49	2
St. Louis-San Fran.	*74	*13	50⅛	21	117¼	10¾	122	109	110⅝	‡7
St. Louis-Southwestern	40⅜	18½	32⅛	11	93	10⅞	91⅜	67½	80	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	30½	11⅝	15¾	..
Do Pfd.	56½	23½	58	15⅛	51½	3	33	19½	†21	..
Southern Pacific	139⅛	83	110	75¾	126⅞	67½	131¼	117⅝	119⅞	6
Southern Railway	34	18	36¾	12½	149	24¾	165⅝	139½	148¾	8
Do Pfd.	86⅞	43	85¼	42	101⅛	42	102¼	98¼	99	5
Texas & Pacific	40½	10¼	29½	6⅛	103⅞	14	148½	99½	137¼	5
Union Pacific	219	137¾	164⅜	101¼	197¾	110	204¾	186½	191½	10
Do Pfd.	118½	79¾	86	69	85½	6¼	87¼	83	85½	4
Wabash	*27⅞	*2	17⅛	7	81	6	96¼	51	69	..
Do Pfd. A	*61¾	*6⅛	60⅛	30⅞	101	17	102	88½	97	5
Do Pfd. B	..	..	32⅞	18	98	12¼	99¼	87	†90	5
Western Maryland	*56	*40	23	9¼	67⅞	8	54¾	31¾	35½	..
Do 2nd Pfd.	*88¼	*53½	*58	20	67½	11	54⅞	33½	36	..
Western Pacific	..	..	25½	11	47½	12	37½	28¼	29¼	..
Do Pfd.	..	..	64	35	86½	51½	62⅛	54½	55	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1927 High	Low	1928 High	Low	Last Sale 6/20/28	Div'd $ Per Share
Adams Express	270	90	154½	42	210	22	378	195	295	6
Ajax Rubber	..	..	89⅝	45⅛	113	4¼	14⅜	7⅛	8	..
Allied Chem. & Dye	..	..	..	..	169¼	34	182⅛	146	167	6
Do Pfd.	..	..	..	..	124	83	125¾	121½	122¼	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	118¾	26½	129¾	115⅛	115¼	6
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	23¼	15⅝	18⅜	..
Do Pfd.	105	90	103½	89⅛	103	18	75	55⅝	65	..
Am. Beet Sugar	77	19¾	108½	19	103¾	15⅛	19¼	14⅞	†16	..
Am. Bosch Magneto	..	..	..	..	143⅞	13	41	15⅝	32¼	..
Am. Can	47⅜	6⅞	63⅛	19¼	*344½	*21¾	95⅜	70½	83	2
Do Pfd.	129¼	98	114⅛	80	141¾	72	147	136¾	†141½	7
Am. Car & Foundry	76½	36⅛	98	40	*201	97½	111⅛	92¾	94	6
Do Pfd.	124¾	107½	119½	100	134¾	105¾	137½	130⅝	†126	7
Am. Express	300	94¾	140½	77⅛	183	76½	207¾	169	182¼	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	15⅝	10½	11¼	..
Do Pfd.	51⅞	15⅛	94⅞	10	142⅝	29¾	67⅜	40	44	..
Am. Ice	..	..	49	8⅞	*139	25¾	41½	28	36	2½
Am. International	..	..	62¾	12	132⅛	17	125	71	93⅞	2
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	126	86½	126	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	115	93½	93⅞	8
Do Pfd.	122	75	109	93	127	96½	134	116	116	7
Am. Metal	..	..	..	..	67⅜	36⅛	51	39	†45¾	3
Am. Radiator	*500	*200	*445	*235	*345	64	152¾	130⅛	133¼	5
Am. Safety Razor	..	..	..	..	76¾	*3½	68⅞	56	59	‡4
Am. Ship & Commerce	..	..	..	..	47½	2⅛	6⅛	3⅞	†4¼	..
Am. Smelt. & Ref.	105⅛	56⅝	123¾	50¼	188¾	29¼	203¼	169	187½	8
Do Pfd.	74½	24⅛	95	44	133	18	142	131	†134½	7

Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1927		1928		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	High	Low	6/20/28	Share
Am. Steel Foundries	116¾	98¼	118⅞	97	122⅜	41⅛	70⅜	50⅛	53⅜	3
Do Pfd.	..	..	..	..	115	78	115	109	†111	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	78¼	55	71½	..
Do Pfd.	133½	110	123½	106	119	67½	110½	100	†108½	7
Am. Tel. & Tel.	153⅜	101	134½	90⅝	185½	92⅛	211	173¼	175½	9
Am. Tobacco	*530	*200	*256	*123	*314½	82½	176	152	153¼	8
Do Com. B.	..	..	..	..	*210	81¼	177	152	152½	8
Am. Water Works & Elec.	..	..	..	..	*144	*4	70¾	52	55	‡1
Am. Woolen	40⅝	15	60⅞	12	169½	16½	24¾	18½	18½	..
Do Pfd.	107¾	74	102	72½	111⅞	46⅞	62¼	47⅛	47½	..
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	74⅞	53¾	65⅛	3
Associated Dry Goods	..	..	28	10	140½	39½	48¾	40½	40⅞	2½
Do 1st Pfd.	..	..	75	50½	112	49⅞	113⅞	103	†104	6
Do 2nd Pfd.	..	..	49½	35	114	38	119½	110	†109	7
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	59⅞	37⅛	46⅜	..
Do Pfd.	32	10	74¾	9⅞	76½	6¾	56¼	38	50⅝	3
Atlantic Refining	..	..	..	..	*1575	78½	139⅞	95¾	131¼	4
Austin Nichols	..	..	..	..	40⅜	4¼	9¼	4	6¼	..
Do Pfd.	..	..	..	..	95	23½	39	26	†30	..
Baldwin Locomotive	60¾	36½	154½	26⅝	265¾	62¼	285	242	†240	7
Do Pfd.	107½	100¼	114	90	125¼	92	124¾	118	†120	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	69⅞	*51⅞	53½	..
Do 7% Pfd.	80	47	186	68	108	78	125	118¼	117½	7
Brooklyn Edison Electric	134	123	131	87	225	82	268½	206¾	†238	8
Brooklyn Union Gas	164½	118	138¾	78	157½	41	159¼	139	140	5
Burns Brothers	*45	41	161½	50	147	76	125½	93½	113	8
Do B	..	..	..	..	53	16¼	43⅜	15⅞	27⅞	..
Butte & Superior	..	..	105¼	12¼	37⅞	6⅛	16¾	9	11⅛	2
California Packing	..	..	50	30	*179½	48¼	79¾	68½	71½	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅝	32¾	24	28⅝	1
Cerro de Pasco Copper	..	..	55	25	73½	23	77⅞	61½	69½	4
Chile Copper	..	..	39¼	11¼	44⅜	7	45½	37⅜	41⅝	2½
Chrysler Corp.	..	..	..	..	*253	38½	88½	54¾	67	3
Do Pfd.	..	..	..	..	116	100½	117	113⅝	114½	8
Coca Cola	..	..	..	..	177¾	18	177¾	127	155¾	6
Colorado Fuel & Iron	53	22½	66½	20½	96⅜	20	84½	55⅝	59½	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	118⅜	89½	107½	5
Congoleum-Nairn	..	..	..	*184⅜	*184⅜	12½	31½	22	22⅜	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	99	79½	85½	7
Consolidated Gas	*165¼	*114½	*150⅛	*112½	*145¾	56⅜	170¼	119⅜	142⅝	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	114⅞	80¼	95¼	5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	82⅞	64⅜	69⅜	‡2
Do Pfd.	98½	61	113½	58⅛	142¼	96	146¾	138½	145⅛	7
Crucible Steel	19⅝	6½	109⅞	12¼	*278½	48	93	72½	73	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	4⅞	7½	5⅛	†5⅝	..
Do Pfd.	..	..	100½	77¼	87	13⅛	32⅜	22¼	24	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	24¼	19⅛	19⅜	1
Cuyamel Fruit	..	..	..	..	74½	30	55¾	50¼	†50	..
Davison Chemical	..	..	..	..	81¼	20⅜	57¼	34⅜	45⅛	..
Dupont de Nemours	..	..	..	..	*360	105	405½	310	384½	‡10
Eastman Kodak	*No Sales		*605	*690	*690	70	186	163	170⅛	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	84⅞	69	72⅞	5
Endicott-Johnson	..	..	..	..	150	44	85	75¼	76	5
Do Pfd.	..	..	..	..	125	84	125	121¼	†122¾	7
Fisk Rubber	..	..	..	..	55	5½	17¾	12	12¼	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	91½	82	82½	7
Fleischmann Co.	..	..	..	..	*171½	46⅛	76⅜	65	67	3
Foundation Co.	..	..	..	..	183¾	35½	55¾	42	†42	..
Freeport-Texas	..	..	70½	25¾	106½	7⅛	109¼	63¼	65	‡4
General Asphalt	42⅞	15½	39⅜	14¼	160	28	94⅞	68	71	..
General Cigar	..	..	..	..	*115¼	46	75⅜	59½	61¾	4
General Electric	188½	129¾	187¼	118	*386½	81	174½	124	147½	‡4
General Motors	*51¾	*25	*850	*74½	*282	*8⅛	210	130	174⅞	‡5
Do 7% Pfd.	..	..	..	125¾	125¾	95⅛	127½	123½	126	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	96½	17	99⅜	65½	71½	4
Do Pfd.	109¾	73⅜	116¾	79⅞	111½	62½	115⅜	109½	†110½	7
Goodyear T. & R. Pfd.	..	..	..	..	72½	5	72½	47	49⅞	..
Do Pfd.	..	..	..	..	99⅛	92½	99½	92½	94¼	7
Granby Consolidated	78¼	26	120	58	80	12	56⅞	39⅛	52⅜	1
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	18	25	19¼	19⅞	1½
Gulf States Steel	..	..	137	58¾	104⅝	25	69	51	58	..
Houston Oil	25½	8	86	10	175¾	40½	167	119	121¾	..
Hudson Motor Car	..	..	..	..	139½	19½	99⅞	75	80¾	5
Hupp Motor Car	..	..	11	2½	36¼	4⅝	65	29	57⅛	1.40
Inland Steel	..	..	..	..	62⅜	31⅛	63	46	†53	‡2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	25⅞	18	21	..
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	147¾	114	118	5
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	72⅜	45¼	57	2
Inter. Harvester	..	..	121	104	255⅝	66¾	290	224¾	263	‡6
Inter. Mercl. Marine	9	2⅛	50⅝	⅝	67¾	3⅛	7⅜	3¾	4⅜	..
Do Pfd.	27⅝	12½	125⅝	8	128½	18½	44⅝	34⅛	36½	..
Inter. Nickel	*227¼	*135	57½	24⅛	89½	24¼	103	73⅝	92⅞	2
Inter. Paper	19¾	6⅛	75½	9½	91¾	27⅞	86⅜	66	70	2.40
Kelly-Springfield Tire	..	..	85	36⅞	164	9	27⅜	15	17⅜	..
Do 8% Pfd.	..	..	101	72	110	33	84	55¼	†62	..
Kennecott Copper	..	..	64¼	25	90⅜	14⅝	95⅜	80⅛	87¼	5
Kinney (G. R.) Co.	..	..	..	..	103	19¾	52	38½	†37	..
Lima Locomotive	..	..	..	..	76⅜	49	65⅞	49½	51	4
Loew's Inc.	..	..	..	..	63⅞	10	77	49½	52	3
Loft, Inc.	..	..	..	..	28	5	8	5¾	†5¾	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	23½	46⅞	23¾	25⅝	..
Mack Trucks	..	..	..	..	242	25⅛	107⅞	83	91½	6
Magma Copper	..	..	..	..	58¾	26⅛	56¾	43¾	48½	3
Mallinson & Co.	..	..	..	..	45	8	28⅞	16	†17½	..
Maracaibo Oil Explor.	..	..	..	..	37½	12	25⅛	12⅛	15⅛	..
Marland Oil	..	..	..	..	63⅜	12⅛	44½	33	35	..
May Department Stores	*88	*65	*97½	*35	*174¾	*60	85⅜	76	78⅛	4
Mexican Seaboard Oil	..	..	..	..	34½	3	39	4⅝	21¼	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	22	17¾	19⅛	1½
Montgomery Ward	..	..	..	..	123⅛	12	158	117	143⅞	‡4
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	182	160	164½	6½
National Dairy Prod.	..	..	..	..	*81⅞	30⅛	88⅛	64⅛	75	3

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1927		1928		Last Sale 6/20/28	Div'd $ Per Share
	High	Low	High	Low	High	Low	High	Low		
National Enam. & Stamp	30¼	9	54½	9	89½	18½	37½	23¼	26⅛	..
National Lead	91	42½	74⅝	44	*202¾	63⅛	136	116	†117	5
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	50½	40	40⅛	3
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	64¼	48	52	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	78⅛	58⅝	69	§10%
Do Pfd.	..	..	..	..	55	31⅞	55⅝	53¼	54¼	3
Packard Motor Car	..	..	..	..	62	9⅞	84½	56¼	73½	3
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	53¾	38¼	42	..
Do Class B	..	..	..	..	111¾	34⅛	54⅝	37¾	43¼	..
Paramount-Fam. Players Lasky	..	..	..	..	127½	40	131⅞	111¼	124	8
Philadelphia Co.	59	37	48⅞	21½	153½	26½	174¾	145	†155	‡4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	39¾	27⅜	29⅞	..
Phillips Petroleum	..	..	..	..	69⅝	16	44⅝	35¼	37½	1½
Pierce-Arrow	..	..	65	25	99	6⅛	18⅜	10½	14½	..
Do Pfd.	..	..	109	88	127¼	13½	57½	39⅞	48¼	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	53½	36⅛	39¾	..
Postum Co.	..	..	..	..	*134	*47	136½	118	125⅜	5
Pressed Steel Car	56	18½	88	17¼	113¾	34⅛	26⅞	19	†20	..
Do Pfd.	112	88½	109⅛	69	106	67	88	74	74	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*29	66⅜	41⅛	54½	2
Pullman, Inc.	200	149	177	106½	199½	*87¼	94	79½	82¼	4
Punta Alegre Sugar	..	..	51	29	120	24¾	34⅞	25¼	26⅛	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	27½	19	22	.50
Radio Corp. of America	..	..	..	..	101	25⅞	224	85¼	175½	..
Republic Iron & Steel	49⅛	15¾	96	18	145	40⅛	69¾	49⅛	50	4
Do Pfd.	111¼	64½	112⅝	72	106¾	74	112	105	†104½	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	55	44⅝	52⅛	1.343
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	88	60⅝	73	4
Schulte Retail Stores	..	..	..	..	*134⅞	47	67½	49⅞	54	3½
Sears, Roebuck & Co.	*124¾	*101	*233	*120	*243	51	112¼	82⅛	104⅛	2½
Shell Trans. & Trading	..	..	..	..	90¼	29½	47	39⅜	†45¼	.97
Shell Union Oil	..	..	..	..	31¾	12⅛	31	23¼	26	1.40
Simmons Company	..	..	..	..	64¾	22	73	55¾	56½	3
Simms Petroleum	..	..	..	..	28½	6½	25¼	18⅛	21¼	..
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	30¾	17⅜	23⅛	..
Skelly Oil	..	..	..	..	37⅛	8⅝	34	25	28¼	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	148½	32⅛	134	105	†90	6
Standard Oil of Calif.	..	..	..	..	*135	47½	63⅞	53	56⅛	2½
Standard Oil of N. J.	*488	*322	*800	*355	*212	30⅞	49	37¾	43¼	‡1
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	101½	77¼	83⅞	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	74¾	44	†48	2
Studebaker Company	49½	15¾	195	20	*151	30½	82⅜	57	68¼	5
Do Pfd.	98⅛	64½	119½	70	125	76	127½	121½	†122	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	16⅜	10½	13⅞	.50
Texas Company	144	74½	243	112	58	29	66⅜	50	59	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	80⅝	62⅛	64½	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	17½	12⅛	13½	..
Tide Water Oil	..	..	225	165	*195	5½	20¾	14¾	15¾	..
Timken Roller Bearing	..	..	..	..	142½	28½	134	112⅝	118	‡4
Tobacco Products	145	100	82⅜	25	117⅝	45	118⅛	97½	100⅛	..
Do Class A	..	..	..	..	123⅞	76	128	113	†107	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	10⅛	6¾	7⅛	..
Union Oil of Calif.	..	..	..	..	58⅜	33	57	42¾	47	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	34⅝	25	25¼	.80
United Fruit	208½	126½	175	105	*294	95¾	146¼	131½	134	‡4
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	300	190⅛	250	10
Do Pfd.	84	40	67½	30	125	38	137	115	†125	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35½	122¼	102⅛	105¼	5
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17	93⅝	61¼	79	4
U. S. Rubber	59½	27	80⅛	44	143¾	22½	63¼	33	34¼	..
Do 1st Pfd.	123½	98	115½	91	119½	66½	109⅜	65¼	66½	..
U. S. Smelt., Ref. & M'n	59	30⅜	81⅛	20	78¼	18⅜	52	39½	46	3½
U. S. Steel	94⅞	41¼	136⅝	38	160½	70¼	154	132⅝	136	7
Do Pfd.	131	102½	123	102	141¼	104	147¼	138⅝	141½	7
Vanadium Corp.	..	..	..	..	97	19⅛	96	60	69⅜	4
Western Union	86¼	56	105½	53⅜	176	76	177½	143	145	8
Westinghouse Air Brake	141	132½	143	95	*198	40	57⅜	42⅛	44	2
Westinghouse E. & M.	45	24¾	74⅞	32	94¾	38⅞	112	88⅛	92⅛	4
White Eagle Oil	..	..	..	..	34	20	26¾	20⅛	22½	1
White Motors	..	..	60	30	104½	29¼	43¾	30¼	35⅛	1
Willys-Overland	*75	*50	*325	15	40¼	4½	28⅝	17¾	24¾	..
Do Pfd.	..	..	100	69	123⅞	23	101½	92¾	100	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	16	11½	†13½	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	196¾	175½	178⅜	5
Worthington Pump	..	..	69	23½	117	19	37⅜	28	29½	..
Do Pfd. A	..	..	100	85⅞	98½	44	58¼	46¼	†49	..
Do Pfd. B	..	..	78⅜	50	81	37	51	41	†43	..
Youngstown Sh. & Tube	..	..	..	..	100⅛	59¾	106⅞	83½	84½	5

† Bid price. ‡ Not including extras. § In stock. * Old stock.

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Securities Analyzed, Rated and Mentioned in This Issue

The world's most frequently consulted book

IT is impossible to know the number of times that Bell System telephone directories are consulted each day. Yet it is safe to say that they are the most frequently used books in the world. More than 1900 separate directories are issued, most of them twice a year. An aggregate of over 31,000,000 copies is required annually. From these directories more than 56,000,000 calls are made a day over the wires of the Bell system.

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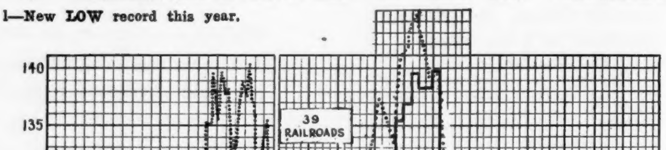
THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low	Recent Indexes June 9	Recent Indexes June 16	1927 Indexes (264 Issues) Close	1927 Indexes (264 Issues) High	1927 Indexes (264 Issues) Low
308	COMBINED AVERAGE	139.9	109.2	129.2	124.5	116.3	116.3	95.7
39	Railroads	144.6	119.5	131.3	127.8	132.0	140.2	98.5
2	Agricultural Implements	358.5	280.5	333.6	324.0	300.0	(Begun 1928)	
2	Alcohol	177.6	135.1	142.4	135.1 [1]	172.1	175.3	82.1
12	Automobile Accessories	134.6	86.4	121.2	114.4	91.6	96.8	75.6
17	Automobiles	111.2	79.0	100.7	95.0	89.8	89.8	70.1
2	Baking (1926 Cl.—100)	76.1	57.9	62.7	57.9 [1]	69.4	100.6	53.0
2	Biscuit	194.5	169.7	178.0	169.7 [1]	187.0	(Begun 1928)	
4	Business Machines	190.0	153.7	175.4	169.5	159.1	160.2	108.5
2	Cans	155.8	117.2	139.5	135.5	119.9	119.9	77.3
4	Chemicals & Dyes	190.6	158.5	181.6	178.0	166.1	168.9	132.0
2	Coal	108.0	81.8	84.2	81.8 [1]	108.0	(Begun 1928)	
12	Construction & Bldg. Material	111.7	94.4	106.7	101.6	99.5	101.3	78.9
12	Copper	199.0	159.8	179.3	175.5	177.8	179.5	105.9
2	Dairy Products	132.5	68.1	101.0	96.8	70.4	80.3	59.8
3	Department Stores	75.7	62.9	73.8	72.9	68.0	86.0	64.5
7	Drugs & Toilet Articles	186.5	157.2	176.5	171.3	162.0	171.2	147.3
5	Electric Apparatus	153.1	125.6	140.0	133.8	129.6	129.6	97.6
3	Fertilizers	97.5	78.4	85.8	82.1	84.0	85.7	47.8
2	Five and Ten Cent Stores	108.8	98.0	105.2	102.6	106.8	111.5	69.6
3	Furniture	136.8	112.1	120.2	112.1 [1]	127.4	127.4	89.1
5	Household Appliances	112.7	91.6	103.8	96.8	97.0	(Begun 1928)	
2	Mail Order	191.0	147.9	176.3	177.3	149.3	152.3	82.8
4	Marine	96.5	66.8	85.6	81.4	74.9	113.4	69.5
5	Motion Pictures	146.3	98.3	133.0	127.5	102.9	120.3	96.8
36	Petroleum & Natural Gas	148.1	86.1	120.1	121.0	95.6	103.5	86.9
17	Public Utilities	173.0	127.9	159.5	155.8	129.5	132.5	93.1
10	Railroad Equipment	128.9	115.7	118.5	115.7 [1]	128.9	128.9	100.3
2	Restaurants	116.4	89.8	113.2	108.7	104.0	(Begun 1928)	
2	Shoe & Leather	231.4	138.3	202.8	194.0	138.3	152.3	69.8
2	Soft Drinks (1926 Cl.—100)	208.1	152.9	198.2	196.9	152.9	(Begun 1928)	
11	Steel & Iron	110.7	86.3	103.6	98.7	88.7	92.0	74.8
6	Sugar	93.7	73.0	84.2	80.5	89.5	112.7	76.9
2	Sulphur	386.9	286.7	295.0	286.7 [1]	381.7	381.7	166.1
2	Telephone	147.6	120.8	135.1	131.9	123.8	127.1	104.6
4	Textiles	105.9	79.0	87.2	81.9	79.0	106.5	71.9
7	Tire & Rubber	99.6	66.9	70.1	66.9 [1]	96.6	97.8	64.4
8	Tobacco	196.0	169.3	176.4	169.3 [1]	190.3	193.6	159.9
4	Traction	150.4	103.8	117.5	113.3	107.6	130.0	107.6
42	Unclassified (1927 Cl.—100)	128.8	98.2	120.8	112.5	100.0	(Begun 1928)	

1—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1928 Index includes 308 issues, distributed among 38 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. new	180	190
Chase (18A)	535	565
Chatham & Phenix (16)	605	620
Chemical (24)	940	980
City (20A)	820	830
Commerce (18)	605	615
First (N. Y.) (100A)	3950	4050
Hanover (30)	1340	1400
Park (24)	715	730
Public (16)	775	800
Seaboard (16)	790	830
TRUST COMPANIES		
Amer. Ex-Irving Tr. (14)	465	475
Bankers (20) ex rts	930	960
Bank of N. Y. & Trust Co. (18)	700	760
Brooklyn (30)	1225	1325
Central Union (32)	1650	1690
Empire (16)	440	460
Equitable (12)	470	480
Farmers' L. & T. (20)	840	875
Guaranty (16)	605	615
Manufacturers (new)	215	225
New York (20)	740	750
United States (60)	3000	3300
STATE BANKS (NEW YORK)		
Corn Exchange (20)	645	660
Manhattan Co. (16)	725	750
State (16)	730	770
United States (14)	840	870
INSURANCE COMPANIES		
Aetna Fire (24)	760	770
Aetna Life (12)	830	850
*Fidelity-Phenix (2)	78	79
Continental new (2)	79	80
Glens Falls (1.60)	55	60
Globe & Rutgers (40)	2650	2850
Great American (1.60)	48	51
Hanover (1)	78	83
Hartford Fire (20)	800	850
*Home (20)	540	560
*Carolina (1.40)	55	60
Milwaukee Mech. (1.80)	45	50
National Fire (25)	1000	1100
Niagara new	125	135
*North River (6)	340	360
*United States Fire (2.40) new.	90	100
Stuyvesant (6)	280	300
Travelers (24)	1750	1825
Westchester (2.50)	77	82
SURETY AND MORTGAGE COMPANIES		
American Surety (11)	320	330
National Surety (10)	302	305
Lawyers Mortgage (14)	340	360
Mortgage Bond (8)	190	205
JOINT STOCK LAND BANKS		
Chicago	30	40
Dallas (8)	115	125
Des Moines	5	15
First Carolina (8)	81	89
Lincoln (6)	90	100
Southern Minnesota	8	16
Virginia (B40c.)	2½	3½
INVESTMENT TRUST SHARES		
American Founders Trust com.	100	110
Do 6% Pfd.	43	48
Do 7% Pfd.	44	51
Diversified Trustees Shares	19⅜	20⅛
Do Series B	17¾	18⅛
Financial & Industrial Sec. com.	112	116
Do Pfd.	105	108
Fixed Trust Shares	17⅞	18⅜
Insuranceshares, B 1928	23⅝	24⅜
Interl. Sec. Corp. of Amer., B	36	41
Do A	63	69
Do 6% Pfd.	92	97
Oil Shares, Inc. (units)	72	74
Second Interl. Securities	47	53
Do 6% Pfd.	42	46
U. S. & British Internl. cft.	76	81
U. S. Shares, Series A-1	12⅛	12⅜
Do Series B	44	45

(A) Includes dividends from Securities Company. (B) Par $5. * Members same group.

UNSETTLED by rather drastic declines in the values of a few of the bank stocks that had previously been over-exploited marketwise, as well as by the general slump in security prices, bank stocks were weak within recent weeks. *Bank of America*, now in the Giannini group, was heavily liquidated by holders who were frightened by the *Bancitaly* spectacle. The former sold off from around 300 to 180, while the latter lost almost 100 points in a single week under heavy selling pressure that seemed to meet little support.

Losses of 100 points, more or less, were not uncommon among the higher priced bank stocks, practically none of the institutional issues in either the bank or insurance stock group being free from the pressure of distress selling. At current quotations, *Chase* is off about 200 points for the month, *National City Bank* about 120 points, *Bank of New York* about 130 points, and *First National* about 450 points to its present level of around 4,000, *Manufacturers Trust* new stock is off about 100 points from its high level reached at the time of the merger with *Union Capital*, the current price being equivalent to the 850 level that prevailed for the old $100 par value shares prior to merger negotiations.

Bank stock investors have come to realize that future growth in assets and earning power of our large banking institutions will probably materialize at a slower rate than they have experienced during the past few years, and that the prices of bank stocks on this basis are discounting their prospects many years ahead. Being a type of investment that is seldom under pressure, however, it remained for a general shake out of weak holders to bring values down more nearly in line with the intrinsic values suggested by this outlook of future earning power. On the whole, the bank stocks gave a good accounting and substantial buying of the "bargain hunting" character came into the market at the lower levels. Insurance stocks showed stronger resistance than bank stocks to the selling pressure that the market experienced in recent weeks. The relatively stronger position of this group as stressed frequently in these columns, being due to a more moderate advance in price and a more positive outlook for continued improvement of earnings particularly for the fire-underwriting companies, was thus confirmed by the market during the period under review.

New York Curb Market

IMPORTANT ISSUES

Quotations as of June 20

Name and Dividend	1928 Price Range High	1928 Price Range Low	Recent Price
Albert Pick Barth wi.†	12½	9½	10
Aluminum Co. of Amer.	197¾	120	156
Aluminum pfd. (6)	110¼	105½	107⅝
Amer. Cigar (8)	162½	132	145¾
Amer. Cyanamid "B" (1.60)	53½	38½	42½
Amer. Cyanamid pfd. (6)	103	95	103
Amer. Gas Elec. (1)‡	184	117½	155½
American Rayon Products	24	13	18
Amer. Super Power A (1.2)†	56	35	35
Assoc. Gas Elec. "A" (2¼)	56¾	47	48¾
Celotex Co. (3)	69¾	49	55
Centrif. Pipe (0.60)*	12½	8¼	8¼
Cities Service New (1.2)†	71	54	66⅞
Cities Service Pfd. (6)†	103½	94½	100⅞
Cons. Gas of Balt. (3)	92⅞	67½	77¼
Consolidated Laundries (2)*	20¼	14¾	15¼
Durant Motors†	15⅝	9⅛	12
Elect. Bond Share (1)†	127½	76	101
Elect. Investors† (3.50 stk.)	79⅞	40⅛	63⅛
Fajardo Sugar (10)	165½	150½	154
Ford Motor of Canada (15)	698	510	556
General Baking (new)*	17	6½	10⅛
General Baking Pfd. (new)*	86	74⅞	76
Glen Alden Coal (10)†	169	151⅝	153
Gulf Oil (1.5)†	148½	101½	120¼
Happiness Candy Store (50)	9⅜	5½	6
Hecla Mining (0.60)	18	13	14½
Hygrade Food Products	45½	25⅛	35¼
International Utilities B	19½	6¾	14⅝
Land Co. of Florida†	25	15	15
Lion Oil Refining (2.25)*	32⅜	20	25⅛
Lone Star Gas (2)	57	48½	51¼
Metro Chain Store‡	66	54	61¼
Mountain Producers (2.60)†	28⅞	23	23¼
National Fuel Gas (1)	30½	24¾	26½
New Mex. & Arizona Land†	11⅜	8⅛	8
New Jersey Zinc (12)	260	180¼	210
Nipissing Mining (80c)*	5⅞	3⅝	4
Northern Ohio Power†	32	18	27
Phelps Dodge (6)	148	117	144
Puget Sound P. & L.†	87	34⅝	82
Salt Creek Producers (3)†	35	27¼	27¼
So'east Pwr. & Lt. (1)	61	40⅝	49
So'east Pwr. & Lt. Pfd. (4)	92	84	88
Stutz Motors*	19	14⅛	14⅜
Tobacco Products Export†	4⅝	3	3
Transcontinental Air Trans.	35½	20½	21⅞
Trans Lux	7	2¼	3¾
Tubize Artif. Silk† (10)	630	450	495
Tung-Sol "A" (1.60)	24⅜	19⅝	14¾
United Electric Coal (3)	57½	26¼	51
United Gas & Improvem't (4)	150	111¼	133¼
U. S. Gypsum (1.60)	100	70	75

STANDARD OIL STOCKS

Name and Dividend	1928 Price Range High	1928 Price Range Low	Recent Price
Continental Oil	23	16	16⅝
Humble Oil (1.6)†	84⅞	59¼	77
International Pet. (.75)	51¼	35	38¾
Ohio Oil (2.75)	68¼	58½	62⅜
Prairie Oil & Gas†	56	47⅝	49
Standard Oil of Ind. (3.5)†	83⅝	70⅞	74
Vacuum Oil (3)†	87⅞	72	73

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

HEAVY liquidation, precipitated by a severe crash in an erstwhile speculative favorite and an accompanying price decline in other securities markets, characterized the state of the New York Curb Market during the past fortnight. In retrospect, there is now a good deal of discussion as to whether the "panic" selling of *Bancitaly Corporation* shares was the impulse that set a series of selling waves in motion throughout the list in this and other markets or whether the inflated state of stock prices itself was responsible for the extensive corrective movement that was experienced within recent weeks. Admitting that the state of the market was ripe for such a violent selling movement as was experienced, there is still no gainsaying that the crash of Bancitaly stock played a prominent part in getting the liquidation started.

The shares of this tremendous investment trust and bank stock holding corporation had been carried to a level of 223 for the 5.2 million shares of $25 par value which are now outstanding, due largely to enthusiastic buying by inexperienced speculators in many sections of the country. This speculation continued in spite of efforts of the management of the Bancitaly Corp. to discourage such kind of buying, going as far as to publicly declare the shares worth no such prices as then prevailed and requesting other banks to refuse loans against the shares to inexperienced speculators. When the bubble burst, the shares were carried down almost 100 points within a single week, cutting the market value of the shares almost in half, and showing at one time a spread of about 30 points between prices quoted on the West Coast and prices which ruled on the New York Curb Market in the east.

The general selling that followed carried prices down from 20 to 15 points respectively in issues such as *Aluminum Company* and *American Gas & Electric*, two typically sound issues; a drop of 100 points from the extreme high to the extreme low for *Tubize Artificial Silk*, a drop of about 40 points in *Ford Motors of Canada* and a general reduction of values that averaged close to ten points throughout the list. A few strong spots were found in the list such as *Phelps Dodge* which made a new high and a net gain of 8 points during the fortnight and *Puget Sound Power & Light* which sold to 87 compared with a price of 67 two weeks ago. The Standard Oil section of the curb list showed very strong resistance to the selling pressure and a number of the leading industrials performed admirably under the varying circumstances.

ANSWERS TO INQUIRIES

(*Continued from page* 412)

a share the year before. Operations have been maintained at a high level in the current year to date, with profits in the first quarter about 100% ahead of the same period of 1927. For the first time in the company's history operations in each of winter months (1927-1928) resulted in a profit. It is now embarked on an aggressive expansion program, which will doubtless be financed out of current resources, and all indications point to earnings in the full 1928 year ranging considerably higher than those for 1927. Regular dividends are at the annual rate of $2 a share, but with extras the stock may be regarded as a $2.50 annual dividend payer and, on the latter basis, a comparatively liberal income return is afforded at existing levels. In addition the stock seems to have favorable enhancement possibilities for the long pull. We advise holding.

CUBAN AMERICAN SUGAR

I am very much disappointed in the market action of Cuban American Sugar. I bought some of the shares at 32 and held it for four years. Since that time, of course, the dividend has been reduced. Is there any possibility of the company improving its position and returning to its old dividend basis?—G. S. W., Pittsburgh, Pa.

Cuban American Sugar ranks as one of the largest Cuban sugar producers and, with one exception, operates the only American controlled refineries in Cuba. Following wholly satisfactory earnings during the war and in the years immediately after, profits have ranged sharply lower in recent years, profits in the fiscal year ended September 30th, 1927, being equal to only $1.08 a common share, against 39 cents the year preceding. As a result of the Cuban government's restriction decree, output for the current fiscal year has been fixed at a level 12½% below last year, and with no important improvement in sugar prices indicated in the reasonably near future, the company seems to face another unsatisfactory year. While financial position is strong, and dividends at the current annual rate of $1 a share could be continued indefinitely, the shares afford a comparatively moderate income return at existing prices, and that does not seem offset by possibilities of material price appreciation over a reasonable period of time. Therefore, there seems little incentive to retain the stock at this writing.

KENNECOTT COPPER

I disregarded your advice a year ago to hold on to Kennecott and sold at 66 the 100 shares for which I had paid 48. Recently I re-purchased the shares at 89 and would appreciate your comment as to the wisdom of this action.—M. E. N., San Diego, Calif.

It is generally conceded that 1927 was a difficult year for the majority of

copper producers. Nevertheless, on production aggregating 470,715,831 pounds, with year's sales bringing an average price of 13.289 cents, and production cost at about 7.75 cents a pound, Kennecott reported earnings last year equal to $6.23 a share on the 4,530,180 no par shares outstanding against $5.80 a share in 1926. A combination of sharply expanded domestic shipments and exports, and more carefully controlled output, has resulted in a distinct decline in stocks of refined copper in the hands of producers and refiners, being sufficient, as we write, for only two weeks supply at the current rate of consumption. Metal prices in the current year to date have averaged 1.1 cents above the average in the full 1927 year, and are at present about two cents higher than this time last year, with every indication that the average price for 1928 will range substantially in excess of 1927. While definite figures are not available, Kennecott's present cost of production is understood to be the lowest on record which, together with increased output, should result in banner profits this year. Financial position is strong, and increased disbursements over the present $5 annual rate are in prospect. The shares seem favorably priced at existing levels, and we counsel holding the stock for income and future price appreciation.

SEARS ROEBUCK

Can you give me any information regarding the likelihood of Sears Roebuck declaring a stock dividend? I have been informed that this is possible. I have 20 shares for which I paid 64 about a year ago, and of course, I have a nice market profit. I do not understand why the stock yields so little unless a special distribution is in sight.—W. E. R., New Orleans, La.

The consistent yearly expansion in net sales and profits of Sears, Roebuck since 1921 seems practically certain to be continued in the full 1928 year, sales in the five months ended May 31, 1928, being 9.1% ahead of 1927, with the month of May exceptionally favorable, when a gain of 21.1% was scored over the same month last year. Thus, it is altogether likely that earnings this year will range somewhat higher than the balance of $5.96 a share reported for 1927. Meantime, the company continues its ambitious expansion program, having established numerous branch mail order distributing plants and seems committed, in a large way, to developing its present chain of retail stores, expecting to have at least 25 stores in operation at the end of this year. The recent election of the Chairman of the Board as director of a large department store chain seems significant. Expansion is likely to be financed from current resources, and while an increase in cash disbursements is not assured, a conservative dividend policy in the past has resulted in a surplus, at the end of 1927, amounting to over 50% of total capital stock outstanding, giving rise to the possibility of an extraordinary distribution whenever directors choose. We suggest retention of the shares for further appreciation over a reasonable period.

AUSTIN NICHOLS

I recently bought 100 shares of Austin Nichols on the recommendations of a broker. I paid $8.25 a share and since then had sold above $9. It has dropped down and I am now told that the company is receding and there may be little, if anything, for the common stockholders. Will you advise me what to do?—N. E. F., St. Augustine, Fla.

Austin Nichols & Company ranks as one of the largest wholesale grocers in the country and, reflecting the elimination of old-line grocers through widening chain-stores competition, together with an an ill-timed expansion of activities in the canning industry, has suffered substantial operating losses in recent years. Results in the 8 months ended December 31, 1927, show a net loss of $936,482 against a deficit of nearly 2 millions in the 15 months ended April 30, 1927. However, the company has lately been embarked on a through housecleaning program, has effected numerous operating economics, and recently disposed of several of its unprofitable units. While the inroads of chain stores remain a vital factor in the situation, concentration on fewer lines, and indications of improvement in the canning industry should result in some reversal in trend in earnings in the current fiscal year. Capitalization consists of only 42,400 cumulative 7% preferred on which there has accrued one year's dividend and 150,000 no par common. It is likely that proceeds of sales of capital assets will be used to improve financial position. Although purely speculative and suitable only for those having surplus funds, the common stock is not without merit in its class for future price appreciation.

PACIFIC OIL

I had 75 shares of Pacific Oil stock, which I had held ever since the stock was distributed to Southern Pacific stockholders. I turned in my shares when the Standard of California took over most of the company's assets and would like to know if the certificates of interest are of any value.—I. L. B., New York City.

In 1926 Pacific Oil stockholders agreed to consolidate their properties with those of the Standard Oil of California, this being accomplished through the formation of a new company, the Standard Oil Co. of California (Delaware), to which latter the main assets of Pacific Oil were transferred, and holders of each share of Pacific Oil received one share of the new company. Pacific stockholders also received two-fifths of a share of Associated Oil and $3 in cash for each share. Subsequently, Pacific Oil has not been actively engaged in business except in an effort to definitely wind up its affairs, which has been delayed owing to Federal income tax claims still in dispute and the fact that the Government has not yet completed an audit of the company's books. On the outcome of the foregoing depends, largely, the value

of remaining assets. However, latest balance sheet gives the 3.5 millions certificates of interest a book value of $2.10 each, although that includes over 4.3 millions reserve for Federal taxes and contingencies amounting to about $1.25 a certificate. Nevertheless, present holders of the "stubs" seem warranted in holding pending final liquidation.

GENERAL AMERICAN TANK CAR

General American Tank Car has been recommended to me as a purchase at this time for a probable market advance. What can you tell me about the earnings and prospects for the company? I am willing to hold the stock for a year or longer.—S. R. C., Phoenix, Ariz.

General American Tank Car ranks as the largest manufacturer of tank cars, deriving a substantial portion of its revenues from leasing a fleet of over 28,000 owned tank and refrigerator cars, and from extensive car repair work. Unlike the vast majority of equipment manufacturing companies, 1927 proved to be one of the most successful years in the history of General American Tank, not only with regard to earnings but expansion in facilities. Additional repair plants being established at strategic points are expected to further reduce the cost of maintaining leased cars in service, as well as furnishing important new sources of revenue through serving other car owners. Although maximum benefits to be derived from expansion in recent years were not enjoyed last year, profits were equal to $6.52 a common share against $5.57 a share in 1926, and indications are that earnings in the first half of 1928 will range substantially higher than the balance of $2.53 a share reported in the first six months of 1927. Financial position is excellent. The company seems to face a wholly optimistic outlook, and the common shares command themselves for a fair current income return and rather well defined prospects of future price enhancement.

INTERNATIONAL TELEPHONE & TELEGRAPH

I do not quite understand how the merger of International Tel. & Tel. with Mackey works out, so far as benefiting me as a stockholder of International Tel. & Tel. is concerned. I am strongly tempted to take my profit of more than 75 a share, but you have guided me so well in the past that I will await your advice—H. T., Chicago, Ill.

International Telephone & Telegraph is a holding company which, through subsidiaries, is an operator of both telephone systems and a maker of telephone, telegraph and radio equipment, controlled companies being located in Spain, Mexico, Cuba, Porto Rico, Chile, Uruguay and Brazil, with manufacturing plants in France and Belgium. It also acts as exclusive distributor of Western Electric products in all countries except United States, Canada and Newfoundland. Through the All-America Cables, Inc., the company operates a system of cable and connect-

ing land lines from New York to Central and South America. Scope of operations has been greatly widened through fusion with the Mackay interests, the enlarged system to operate communication systems to extend throughout the United States with connecting agreements for business Canada and Mexico, and cables extending across the Atlantic and Pacific and to important countries in South America through to important European and Asiatic countries. It also contemplates operating radio services to supplement existing cable and wire systems. These developments may be expected to add considerably to future earning power. Although in business only about 8 years, International has attained a position of dominance in the foreign telephone field somewhat similar to that of American Telephone in the domestic field. Earnings have shown consistent yearly expansion since inception, and while per share earnings have shown some fluctuation, due to increases in capitalization, profits in 1927 were equal to $11.07 a share on the 1,301,994 shares outstanding at the end of that year, against $12.13 a share on 585,983 shares in 1926. Financial position is impregnable, and in view of the company's highly favorable past record, and unlimited possibilities for future expansion, we believe patient shareholders should be well rewarded. We suggest holding the stock.

COMPETENT INVESTMENT COUNSEL

(*Continued from page* 407)

many possibilities for profits to be had in bonds when properly selected with a view to their various "features." Here opportunities await those who have the vision to look ahead and the necessary patience that the slower movement of bonds entails. If this were more generally appreciated it would attract more investors to this form of investment which, as has been attested, is both safe and profitable.

Investment Stocks May Be Considered Later

Assuming that the beginner has acquired a sufficient backlog of sound bonds and that his education in financial matters is keeping pace, he will now be prepared to include a percentage of his funds in sound preferred stocks. Later, good common stocks may be added, thus creating a well balanced list which will meet all the requirements of sound investment, namely, safety of principal, diversification, steady income and, last but not least, capital appreciation.

The beginner should not attempt to purchase stocks on his own initiative without the advice of a competent expert, as unlike bonds there are many unknown elements which go to make up

this type of security, and unless care is exercised a wrong choice might well prove costly.

However, assuming that the beginner has progressed sufficiently to take an active interest, he will find it to his advantage to buy securities that are listed, or at least enjoy an active market, as this permits keeping in closer touch with values and assures a ready market should it become necessary to sell.

Care should be taken that only securities in strong companies in essential industries with a good outlook for the future, be included, and all securities in new, unseasoned or speculative industries should be avoided. This type of investment should be left to those willing to gamble. Investors should be satisfied with a fair return on their investment, and thus many of the worries that are attributable to unsound investments will be eliminated. Peace of mind is more important than the additional interest that separates sound from unsound investment.

SPECIAL POINTS TO OBSERVE IN BOND BUYING

(*Continued from page* 389)

the value of potential conversion and in all probability a few points in excess of that immediate value. The speculative element often makes itself felt in such cases even if conversion or exercise of the warrants is not yet definitely attractive, simply on the strength of prospects that the privilege will become valuable in the future. The important thing from the investment standpoint is to judge correctly the influence exerted on the market by this extraneous feature and act accordingly.

It is equally important to observe if and when the rights contained in a convertible feature or purchase warrants expire. If the bonds are selling at artificially high levels on account of such a privilege and the privilege expires, they automatically decline thereafter to a price dictated by their investment worth alone, and the careless investor who has neither converted nor sold his holdings prior to expiration suffers a substantial and unnecessary loss. Although less serious, the same principle applies when interest for an indefinite period is lost through failure to turn in bonds called for redemption. This is one of the most vital of all factors affecting bond values, and cannot be reiterated too often.

LOOKING AHEAD WHILE ACCUMULATING WEALTH

(*Continued from page* 387)

tion. The desirability of a life insurance contract is enhanced by the fact that it is not a probable means of creating an estate but a certain, sure-fire method. The moment that the contract is signed and the premium paid, one's estate is increased by the amount stipulated as a death benefit on the face of the policy.

If one has a lump sum of new capital available for investment but does not require the use of the income for immediate living expenses, a plan that is being used a great deal by foresighted investors is to make the investment support a life insurance policy to be taken out at once. The income from the securities pays life insurance premiums indefinitely and the estate value of the investment is immediately doubled or tripled depending upon the type of insurance selected, the age of the insured and the list of securities chosen to support the policy premiums.

Upon the death of the insured, his estate obtains the full face value of the insurance, the actual possession of the securities and the income from the investments which is released for the use of the heirs as soon as the policy becomes payable.

The accompanying list of investments and insurance contracts is arranged in multiples of $10,000 and suitable for various ages. The securities are selected with the thought of providing safe, long term investments that are suitable also from an inheritance standpoint. The group lends itself well to any of the numerous kinds of life insurance trust services which are offered by a number of representative banks and trust companies.

FUTURE OF FOREIGN INVESTMENTS DEPENDS ON SOUNDNESS OF OUR BANKERS' POLICIES

(*Continued from page* 383)

8% basis, with interesting speculative possibilities. These loans are in the form of 3-year 5% notes offered at or below 99¼ and repayable at 108, bondholders having the right to convert them on a sliding scale into long term 7s at 93¼. In the event of conversion at maturity, the notes are accepted at 109. Inasmuch as these bonds are, in the final analysis, as sound as the so-called external loans, I see no reason why investors should not give preference to those which sell on a very much more liberal yield basis.

That the credit of European and to a large extent other foreign countries

has improved markedly, no one doubts. Our continental friends seem to have learned at last to live within their means, and to appreciate that salvation cannot for any extended period be secured from inflation orgies and the printing presses. Despite the market improvement which has within recent years taken place in foreign issues—to be sure in some instances, the rise has not been altogether warranted—many foreign loans are still selling at levels which compare favorably with American issues of similar nature. What the future holds in store for holders and prospective buyers of foreign issues, we do not pretend to know. Suffice it to say that of all foreign loans which have been sold in this market after the War, only two loans went into default, comprising a South American State issue of $5,000,000 and a Central European industrial loan of $4,000,000.

Is it too much to hope and to expect that our bankers and those charged with the guidance of our investment policies will continue to exercise the same care and caution which they have exercised heretofore? Our position as the world's most powerful creditor nation seems definitely established, and we should endeavor to steer clear of such unsound policies as are likely to endanger this position.

INSURANCE DEPARTMENT

(*Continued from page* 403)

(for we assume that he carries life insurance for family maintenance aside from this mortgage coverage) will add to the assets of his estate. If the farmer is fortunate in living to a ripe old age, the proceeds of this policy may be used as an agreeable addition to his old age income. It should be stipulated when taking this particular policy that in event of claim by death the proceeds are to be used for the specific purpose of clearing the mortgage, thus providing against the defeat of this plan.

Farming calls for intensive manual labor, and in order to successfully accomplish the wide range of his work the farmer must be in good physical condition. The farmer who through accident or ill health becomes permanently disabled is in a peculiarly unfortunate position. If his farm is mortgaged, the indebtedness adds to his worries. The Disability Benefit offered by many of the Old Line life companies in their policies provides a material help in such cases. This benefit provides that in case of total and permanent disability on the part of the insured, and his inability to follow a gainful occupation, the premium payments under his policy are discontinued, and, in addition, he will receive a monthly income during such permanent disability of (usually) 1% per month of the face amount of the policy—$100 a month in the case of a

policy for $10,000. This disability monthly income does not infringe upon the face value of the policy.

The Additional Accidental Death Benefit under which double the face amount of the policy is paid in case death is caused through accident ($20,000 being paid in such circumstances under a policy for $10,000) is also an important provision for inclusion in the farmer's life insurance. The extra annual premiums required for these two benefits are small, less than half of 1% in all; or with the premium for the life insurance say 2½% added to the interest rate of the mortgage. The inclusion of these two provisions rounds out and broadens the protection.

GRAHAM-PAIGE MOTORS

(Continued from page 396)

Recent movements of the stock on the New York Stock Exchange have responded to the improved showing. Net earnings of $257,783 for the first quarter of 1928 compared with a deficit of $185,793 for the same period a year ago, and the outlook for the current quarter is for continued gains. During 1927 the stock sold from a low of 7⅞ to a high of 18½ while for the present year to date the range has been between 16¾ and 39⅞ with the current quotation around 29.

Although engaged in a very highly competitive industry stock of this company will appeal to investors who have confidence in the aggressiveness and personal ability of the new managers.

TRADE TENDENCIES

(Continued from page 409)

in recent years. Consequently, while specifications against contracts and new orders for steel are rather small individually, in the aggregate they constitute a satisfactory volume.

Ingot production for the first six months in all probability will set a new mark in comparison with any corresponding period, although output is getting down to a summer level. The average for the industry as a whole is now between 73 and 75% of theoretical capacity as compared with 73% at this time a year ago; and midsummer rate of activity will probably be higher than in 1927 unless shrinkage of demand is acute.

An improvement in steel company earnings in the second quarter is to be expected, since slightly higher prices were realized in that quarter than in the one preceding. The present price situation, however, still leaves much to be desired. Despite rumors of an advance in some lines buyers do not seem to be worried on that score and in several instances have succeeded in secur-

ing concessions. Although the new price of bars, plates and shapes is 1.90c, and while some business has been placed at that figure, the old price of 1.85c is still obtainable.

Railroad purchases involving steel continue light and no immediate improvement is in prospect. Automobile demand holds up well, while possibility that there will be no sharp decline in motor production during summer months promises a fairly active movement of steel into that industry. In preparation of smaller summer demand, agricultural implement makers are curtailing operations, naturally ordering less steel; as soon as this periodical dullness passes, however, a resumption of active steel buying will undoubtedly be witnessed. Record-breaking volume of building contracts has not been reflected sufficiently in structural steel awards, indicating that a substantial amount of business for steel manufacturers is still forthcoming.

LUMBER

The maintenance of a high level of activity in a number of important consuming industries, such as building and automobile, has been reflected in a marked improvement in lumber in recent months. Excessive production, the fly in the ointment formerly, is slowly but surely being corrected; and producers are embarked upon a program of stringent regulation which in the past few months has been extremely successful in keeping a favorable balance between supply and demand. It may well be that progress along this line will be hampered by the inconsistent attitude of small producers who are likely to increase output should markets warrant their doing so; but, on the other hand, principal manufacturers, having virtual control of lumber supply, will probably continue their efforts to place the industry on a sounder basis.

Reliable estimates place the volume of new business booked for the industry as a whole so far this year, taking into account hardwoods and softwoods, about 10% ahead of production. Both shipments of softwood and hardwood lumber are in excess of production, while volume of new orders being placed outstrips shipments. Furthermore, stocks on hand at the mills show a declining tendency despite the larger number of reporting mills. Although prices are still under a year ago, strength is becoming more and more apparent, particularly in softwood; and the long term trend appears to be definitely upwards.

Well diversified channels of distribution, not only for construction and industrial consumption but for export, coastwise and retail trade, make possible a fairly stable movement; while an improved statistical position and favorable price situation should result in more satisfying returns to well situated lumber companies.

Statistical Record of Business

	Week Ended June 16, '28	Week Ended June 23, '28	Week Ended Year Ago
Volume Stock Exchange Transactions (Shares)	18,770,465	10,982,793	9,724,954
Average Price Magazine of Wall Street Index	124.5	120.9	105.0
Volume Bond Transactions ..	$67,096,800	$49,046,000	$51,892,300
Average Price 40 Bonds......	91.09-90.52	91.02-90.72	91.16-90.67
Brokers' Loans (Federal Reserve)	†$4,427,691,000	‡$4,269,590,000	$3,118,429,000
Comm'l Loans Federal Reserve Member Banks	$8,888,278,000	$8,970,009,000	$8,648,766,000
Federal Reserve Ratio	67.6	69	78.8
Gold Holdings	$2,733,999,000	$2,737,271,000	$3,193,727,000
Rediscount Rate, N. Y.	4½%	4½%	4%
Debits to Individual Accounts.	†$17,325,000,000	‡$18,377,964,000	$13,630,257,000
Call Money	5½%	6½%	4%
Time Money (90 days)	5¾%	5¾-⅞%	4½-⅝%
Commercial Paper	4¾-5%	4¾-5%	4-4½%
Acceptances (90 days)	4⅛-4%	4⅛-4%	3¾-⅝%
Dun's Business Failures	441	447	425
Weekly Food Index (Bradst's).	$3.32 (May 1)	$3.34 (June 1)	$3.19 (June 1)
Wholesale Prices (Bradst's) ..	$13.43	$13.19	$12.42

Industrial Barometers

	April	May	Year Ago
U. S. Steel Unfilled Tonnage..	3,872,133	3,416,822	3,050,941
Steel Ingot Production	4,302,573	4,203,190	4,015,192
Pig Iron Production	3,180,900	3,283,861	3,887,370
Pig Iron Furnaces in Blast...	196	198	211
Automobile Production	409,948	425,990	404,115
Building Permits (Bradst's)...	$273,033,794	$304,039,693	$284,698,305
Petroleum Production (bbls.)..	72,127,000	**73,476,000	76,275,000
Bituminous Coal Production (net tons)	32,188,000	36,624,000	33,336,000
*Copper Production (short tons)	69,721	73,729	71,610
Cotton Consumption (bales)..	525,158	577,710	633,024
Spindles active	30,965,404	29,060,360	32,905,256
Wool Consumption (lbs.)	38,854,522	....	43,970,805
Railroad Earnings	$78,546,551	....	$73,502,575
% on Railroad Property invested	4.07	....	4.33
Car Loadings	3,738,295	4,006,058	4,108,472

Foreign Trade

	April	**May	Year Ago
Merchandise Exports	$368,000,000	$423,000,000	$393,000,000
Merchandise Imports	$345,000,000	$355,000,000	$346,000,000
Gold Exports	$96,469,000	$83,689,000	$1,510,000
Gold Imports	$5,319,000	$1,968,000	$34,210,000

Distributive Trades

	April	May	Year Ago
Mail Order Sales	$40,099,945	$40,074,310	$33,741,540
Chain Store Sales (5 & 10 cent stores).....................	$115,856,115	$118,217,130	$100,773,816
Dept. Store Sales (index number 1923-5—100%)	102	....	111

* U. S. Mines. † June 13. ‡ June 20. ** Subject to revision.

Building & Loan Associations

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Full paid certificates issued in multiples of 100 dollars, interest payable quarterly in cash. No fees. Interest paid to date of cancellation after 90 days from date of issuance. Write for particulars.

Texas Plains Bldg. & Loan Association

107 West Sixth St., Amarillo, Texas

Alabama

8% on Monthly Savings

7% on Fully Paid Certificates

in amounts from $50.00 to $5,000.00 withdrawable on thirty days' notice. Secured by Firt Mortgages on Homes not to exceed 60% of valuation.

ALABAMA MUTUAL BLDG. & LOAN ASSOCIATION

2012 Fourth Avenue, Birmingham, Ala.

Under Strict State Supervision

Texas

7% ON YOUR INVESTMENTS

$100 to $25,000

Cash Dividends Paid Jan. 1 and July 1

With all the protection. Safety and Availability offered by any Building & Loan or other financial Institution in the world.

"As nearly absolutely safe as can be"
—U. S. Dept. of Commerce and Labor.

No Fees in or Out

ALAMO BUILDING & LOAN ASSOCIATION

110 N. St. Mary's St.

San Antonio, Texas.

Name ....

Address ....

Oklahoma

1927 WAS THE BEST YEAR IN OUR HISTORY

We paid our investors more than $431,000.00 in semi-annual interest dividends; set aside $45,000.00 in reserve fund to protect our investors, making this protection fund approximately $155,000.00 at this time; and closed our books with 27 borrowers out of 2,200 owing us only $1,175.66 in delinquent interest.

Our Eighteenth Semi-annual Report to investors is ready for distribution giving full details about every department of our business. We shall be glad to send you a copy. Remember! We pay 6½% on full paid investments and 7½% on savings.

Ponca City Building & Loan Co.
Masonic Bldg., Ponca City, Okla.

Name ....

Address ....

We Pay 7 Per Cent

Dividend Semi-annually

No Membership Fee Charged

Secured by over a Million Dollars in Real Estate Mortgages.

LIBERTY BUILDING & LOAN ASSOCIATION

Room 309 Masonic Temple, Enid, Okla.

J. E. TURK, Secy.

New York

6% On Systematic Savings

SERIAL

BUILDING LOAN & SAVINGS INSTITUTION

195 BROADWAY · 170 FULTON ST.

NEW YORK

UNDER SUPERVISION N.Y. STATE BANKING DEPT.

SEND FOR BOOKLET

5% On Save as You Please Accounts

Colorado

7% Guaranteed on Installment Certificates if Carried to Maturity

Payable Either Quarterly or Semi-Annually

Short-term full-paid certificates maturing in five years. Secured by first mortgages on homes in and around Denver plus a conservative contingent reserve fund and rigid state supervision.

Issued in units of $50 to $5,000.

Interest to $300 exempt from Federal income tax. *Write for booklet MW*

"THE OLD CONSERVATIVE"

The Bankers Bldg. & Loan Ass'n

1510 Glenarm St. Denver, Colo.

Member Colorado State League and United States League of Building and Loan Associations. The Colorado Bankers' Association.

Why Take Less ? **7%** Tax Exempt 5 Year **Guaranteed Income Certificates**

Interest paid twice a year. 100% secured by town and city

First Mortgages

under direct State Audit Supervision and Control

THE CAPITOL Building and Loan Ass'n.

1661 Broadway, Denver, Col.

SAFETY FOR 7% SAVINGS

Florida

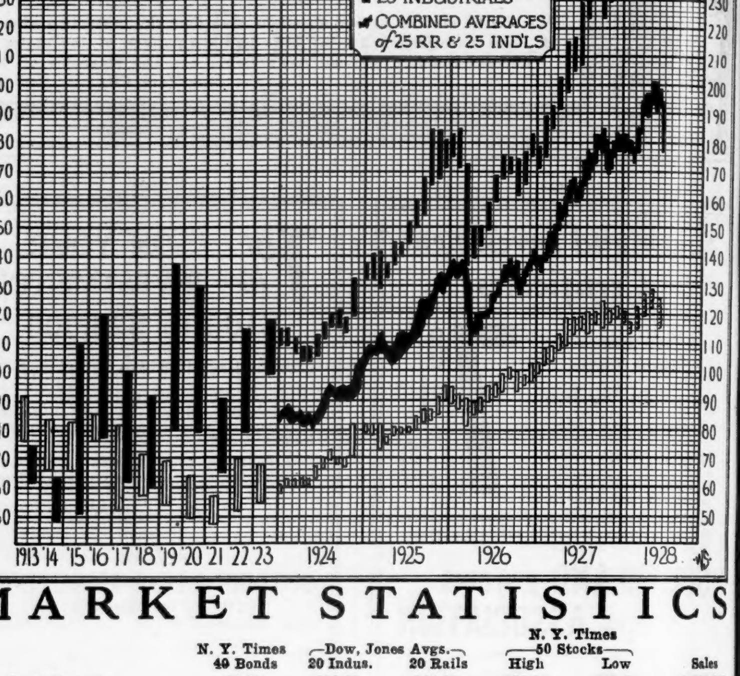
FOR YOUR JULY RE-INVESTMENTS purchase our Full Paid Shares. 8% dividends payable 2% quarterly, in New York exchange if desired. Conservative management, state supervision and complete tax exemption features. Mail inquiries receive prompt attention.

FORT PIERCE BUILDING & LOAN ASSOCIATION

FORT PIERCE, FLORIDA

Dividends and Interest

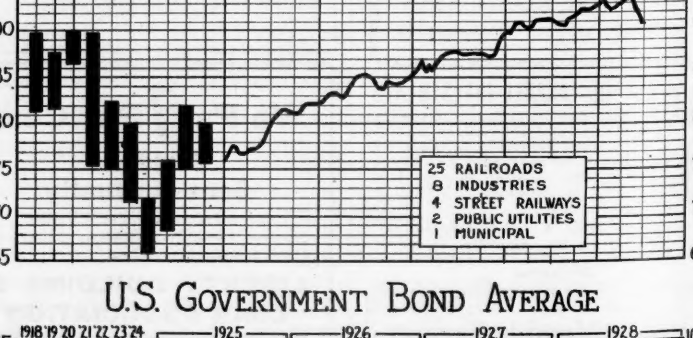
Stock Market Averages



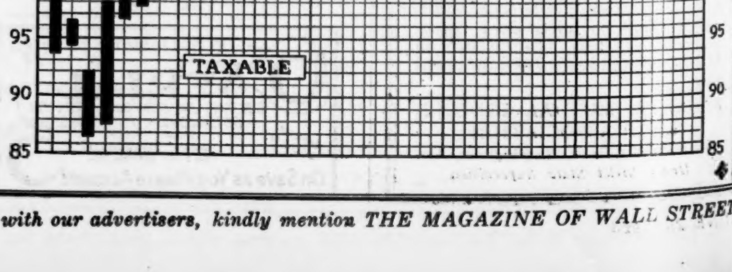
MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, June 7............	91.30	215.08	140.93	194.18	191.61	3,258,000
Friday, June 8............	91.19	211.51	139.26	191.72	189.42	3,055,820
Saturday, June 9............	91.04	209.01	138.06	189.81	188.02	1,777,600
Monday, June 11............	90.76	205.74	135.86	188.42	184.15	3,678,470
Tuesday, June 12............	90.52	202.65	134.78	184.81	180.30	5,052,790
Wednesday, June 13..........	90.70	209.01	137.63	186.91	182.10	3,626,140
Thursday, June 14............	91.09	210.76	138.16	188.52	185.72	2,930,300
Friday, June 15............	91.02	205.96	136.33	187.39	184.09	2,559,550
Saturday, June 16............	91.04	205.75	136.27	184.39	182.95	1,001,890
Monday, June 18	90.94	201.96	134.15	183.92	180.06	2,052,480
Tuesday, June 19............	90.72	202.01	133.51	180.83	177.75	3,294,450
Wednesday, June 20..........	90.79	204.49	134.88	182.35	179.60	2,030,770

Average Price of 40 Bonds



U.S. Government Bond Average



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A Clearing House For Business Men

IDEAS — SERVICE — COMMODITIES

MEN — AGENTS — BUSINESS OPPORTUNITIES

Printing

Business Opportunities

Dividends and Interest

International Petroleum Company, Limited

Notice of Dividend No. 17

NOTICE is hereby given that a dividend of 25c United States Currency per share has been declared, and that the same will be payable on or after the 30th day of June, 1928, in respect to the shares specified in any Bearer Share Warrants of the Company upon presentation and delivery of coupons No. 17 at the following banks:

The Royal Bank of Canada,
King and Church Street Branch,
Toronto 2, Canada.
The Farmers' Loan and Trust Company,
22 William Street, New York, N. Y.
The Farmers' Loan and Trust Company,
15 Cockspur Street, London, S. W. 1, England.

OR

The Offices of the International Petroleum Company, Limited,
56 Church Street, Toronto 2, Canada.

The payment to Shareholders of record at the close of business on the 23rd day of June, 1928, and whose shares are represented by registered Certificates, will be made by cheque, mailed from the offices of the Company on the 29th day of June, 1928.

The transfer books will be closed from the 25th day of June to the 30th day of June, 1928, inclusive, and no Bearer Share Warrants will be "split" during that period.

By Order of the Board,

J. R. CLARKE,
Secretary.

56 Church Street, Toronto 2, Canada,
14th June, 1928.

American Type Founders Company

Jersey City, N. J., June 13, 1928.

A quarterly dividend (No. 105) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 122) of two per cent on the Common Stock have this day been declared, payable July 14, 1928, to stockholders of record at the close of business July 5, 1928. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER,
Secretary.

Dividends and Interest

Public Service Corporation of New Jersey

Dividend No. 84 on Common Stock
Dividend No. 38 on 8% Cumulative Preferred Stock
Dividend No. 22 on 7% Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; and 50 cents per share on the non par value Common Stock for the quarter ending June 30, 1928. Dividends are payable June 30, 1928, to stockholders of record at the close of business June 1, 1928.

Dividends on 6% Cumulative Preferred Stock are payable on the last day of each month.

T. W. Van Middlesworth, Treasurer.

Public Service Electric and Gas Company

Dividend No. 16 on 7% Cumulative Preferred Stock
Dividend No. 14 on 6% Cumulative Preferred Stock

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable June 30, 1928, to stockholders of record at the close of business June 1, 1928.

T W. Van Middlesworth, Treasurer.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

A Quarterly Dividend of 2% ($1.00 per share) on the PREFERRED STOCK of this Company will be paid July 16, 1928.

A Dividend of 2% ($1.00 per share) on the COMMON STOCK of this Company for the quarter ending June 30, 1928, will be paid July 31, 1928.

Both Dividends are payable to Stockholders of record as of June 29, 1928.

H. F. BAETZ, Treasurer.
New York, June 20, 1928.

UNITED VERDE EXTENSION MINING COMPANY.
DIVIDEND No. 49.
233 Broadway, New York, June 1st, 1928.

The Board of Directors of the United Verde Extension Mining Company has this day declared a dividend of fifty cents per share on the outstanding capital stock, payable August 1st, 1928, to stockholders of record at the close of business July 6th, 1928. Stock transfer books do not close.

C. P. SANDS, Treasurer.

The New York Central Railroad Co.
New York, June 13, 1928.

A Dividend of Two Dollars ($2.00) per share on the capital stock of this Company has been declared, payable August 1, 1928, at the office of the General Treasurer, to stockholders of record at the close of business June 29, 1928.

H. G. SNELLING, General Treasurer.

OTIS ELEVATOR COMPANY
26th St. & 11th Ave., N. Y. C., June 20, 1928

A quarterly dividend of $1.50 per share on the Preferred Stock, and a dividend of $1.50 per share on the Common Stock will will be paid July 16, 1928, to stockholders of record at the close of business on June 30, 1928. Checks will be mailed.

C. A. SANFORD, Treasurer

Dividends and Interest

Middle West Utilities Company

Notice of Dividend on Preferred Stocks

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of Two Dollars ($2.00) upon each share of the outstanding Preferred Stock, having a par value of $100 a share, and One Dollar and Fifty Cents ($1.50) upon each share of the outstanding $6 Cumulative Non Par Preferred Stock, payable July 16, 1928, to the holders of such Preferred Stock, respectively, of record on the Company's books at the close of business at 1:00 o'clock P. M., June 30, 1928.

EUSTACE J. KNIGHT,
Secretary.

DODGE BROTHERS, INC.

The regular quarterly dividend of $1.75 per share on the Preference Stock of the Corporation has been declared, payable July 15th, 1928, to stockholders of record at the close of business June 27, 1928

R. P. FOHEY,
Secretary.

THE WESTERN UNION TELEGRAPH COMPANY
New York, June 12, 1928.
DIVIDEND NO. 237.

A dividend of TWO PER CENT on the Capital Stock of this Company has been declared, payable on the 16th day of July next, to stockholders of record at the close of business on the 25th day of June, 1928.

The Transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

BAYUK CIGARS INC.
PHILADELPHIA

Quarterly dividends of 1¾% on the First Preferred stock of this corporation; 1¾% on the Convertible Second Preferred stock, and 2% on the 8% Second Preferred stock have been declared payable July 15, 1928, to stockholders of record at the close of business June 30, 1928. Checks will be mailed.

Harvey L. Hirst, *Secretary*

June 20, 1928.

Bonds Called for Redemption

(g) Guilders—Redemption in U. S. currency.

Company	Rate	Maturity	Amount	Price	Redemption Date
Abitibi Power & Paper, Ltd., 1st "A"	6%	1947	$3,523,000	105	July, 1928
Amer. Agri. Chemical 1st ref. ser. "A"	7½%	1941	$2,500,000	108½	Aug., 1928
American Ice 1st r. e.	6%	1942	$5,037,000	102½	Aug., 1928
American Rolling Mills Co.	6%	1938	All bds.	104½	July, 1928
Argentine Nation ext. s. f.	6%	1959	$246,000	100	June, 1928
Argentine Nation internal	4½%	1888	$410,000	100	Sept., 1928
Associated Gas & El. cv. deb. ser. "A"	6%	1925	$888,000	100	June, 1928
Bankitaly Mortgage 1st r. e. coll.	5½%	1947	All bds.	103	July, 1928
Beaver Board Cos. notes	8%	1933	$4,262,000	103	July, 1928
Belgium (King. of) ext.	7%	1955	$125,000	107½	June, 1928
Belgium (King. of) ext. s. f.	7½%	1945	$2,000,000	115	June, 1928
Buenos Aires ext.	7%	1936	All bds.	102	June, 1928
Buenos Aires	7%	1957	All bds.	100	June, 1928
Central Public Service Company	6½%	1929	All bds.	101	July, 1928
Central States Power & Light Corp.	6%	1945	All bds.	105	June, 1928
Chic., Burl. & Quincy R. R. eq. nts.	6%	1929-35	$2,828,000	103	July, 1928
Chic., Mil. & St. P. Ry. 10 yr. 1st sec.	6%	1934	$14,000,000	102¾	July, 1928
Childs, R. E., ser. "A" & "B" gold bds.	—	1929-32	V. B.	110	Sept., 1928
Chile (Republic of), ext. 20-year	8%	1941	$24,000,000	110	Aug., 1928
Chile (Republic of) Ry. ref. s. f. ext.	6%	1961	$230,000	100	July, 1928
Chinese Gov't Hukuang Ry	5%	1951	$580,000	100	June, 1928
Chinese Gov't	5%	1952	$427,000	100	Sept., 1928
Cities Service ref. deb	6%	1966	$24,545,000	104	Nov., 1928
Comm'lth Light & Pow. 1st	6%	1947	All bds.	105	Nov., 1928
Consumers Power 1st	6%	1934	$249,000	103	July, 1928
Fisk Tire Fabric 1st 10 yr.	6½%	1935	$41,000	102½	July, 1928
Houston Gulf Gas 1st	6%	1931	$5,700,000	103	July, 1928
Houston Gulf Gas 2 yrs. sec. nts.	6%	1929	$2,500,000	100	Oct., 1928
International Silver 1st	6%	1948	$2,451,000	110	June, 1928
Laurentide Pow. gen. s. f. ser. A	5½%	1946	$17,000	101	July, 1928
Lehigh Coal & Nav. cons. ser. A & B.	4½%	1954	$10,000	105	July, 1928
Liquid Carbonic 1st mtg. cv. s. f.	6%	1941	$56,000	105	Aug., 1928
Louisville Gas & Elec. deb. ser. A	6%	1937	$84,000	102	June, 1928
Nat'l Enam. & Stamp. 1st ref. r. e.	5%	1929	$138,000	105	June, 1928
N. Y. Central Elec. 1st ser.	5%	1952	E. S.	105	July, 1928
N. Y., N. H. & H. R. R. eq. nts.	6%	1929-35	$2,663,000	103	July, 1928
N. Y. Telephone 30-yr. deb.	6%	1949	$269,000	110	Aug., 1928
Northern Ont. Lt. & Pow. 1st mtg.	6%	1946	$81,000	101½	July, 1928
Pan.-Amer. Pet. & Trans. 1st cv.	7%	1930	$492,000	105	June, 1928
Panama (Rep.) ext. sec. s. f.	5½%	1953	$22,000	102½	June, 1928
Paris-Orleans R. R. Company	7%	1954	All bds.	103	Sept., 1928
Penick & Ford 1st	6½%	1943	$1,000,000	105	June, 1928
Penn. R. R. eq. tr.	6%	1929-35	$27,258,000	103	Aug., 1928
Peoples Gas 1st 6% ser.	6%	1954	All bds.	105	June, 1928
Peru (Rep.) ext. s. f. 1st ser.	6%	1960	$250,000	100	June, 1928
Phila. Co. 1st ref. & Coll. tr.	6%	1944	$12,035,000	103½	Aug., 1928
Portland, Ore., imp. bds.	6%	——	V. B.	N. S.	July, 1928
Producers & Refiners 1st	8%	1931	$261,000	110	June, 1928
Rutland R. R. eq. nts.	6%	1929-35	$115,000	103	July, 1928
St. L.-San Fran. Ry. P. L. Ser. D	5½%	1942	$17,173,000	102½	July, 1928
St. L.-San Fran. Ry. Adj. Ser. A	6%	1955	$40,533,000	100	July, 1928
Schulco Co., Inc., gtd.	6½%	1946	$12,000	103	July, 1928
Schulco Co., Inc., gtd. "B"	6½%	1946	$14,000	103	July, 1928
Southern Cal. Ed. gen. & Ref.	5½%	1944	$10,225,000	105	Aug., 1928
Swift & Co., 1st	5%	1944	$1,000,000	102½	July, 1928
Union Oil of Cal. 1st l. s. f. ser. "A"	5%	1931	$813,000	102½	July, 1928
Warner Sugar Ref. 1st	7%	1941	$45,000	107	June, 1928
Western States G. & E. (Cal.)	5%	1941	$3,332,000	105	June, 1928

V. B.—Various Bonds. E. S.—Entire Series. N. S.—Not stated.

WHAT'S AHEAD FOR THE MARKET?

(*Continued from page* 381)

appears no warrant for belief that prices of the latter will suffer seriously or permanently from the reconstruction now in process. Speculative sentiment has suffered a shock, of course, and will regain its poise probably when stability is reinduced by investment absorption of sound stocks that have been carried below value, even as they were previously overvalued.

The problem of the investor, therefore, remains essentially one of distinguishing between the sheep and the goats; excluding those stocks from consideration which have not yet returned to price levels in harmony with tried standards of value measurement; and accumulating those in the opposite category. Since the number of the latter is already considerable, investors who refused to be carried away by the late market spectacle may really look upon its tendency to return to sanity as a blessing.

Correction

In our issue of June 2nd, page 218, it was stated that Standard Gas & Electric Company owns 25% of the common stock of the Pacific Gas & Electric Company. This was a typographical error—and should have read 10%. However, this in no way affected our conclusions in this article.

Office Appliance and Equipment Service Department

Because of the tremendous amount of correspondence we handle in connection with our Inquiry Department as well as on account of the attendant minute bookkeeping and accounting problems, we had to equip our offices with practically all the outstanding time saving and efficiency increasing devices on the market. As a matter of fact, we are replacing continuously these devices by improved ones as they are being put on the market. We want to give our readers the benefit of our experience and tests covering twenty years and we will be glad to answer any requests for information as to how we have conquered the problems that of necessity have arisen in an organization as large as ours. In addition to such information we will arrange to have our readers supplied with literature dealing with the solution of their particular problem.

As there is no charge or obligation connected with this service we shall be glad to have you check the information desired on the coupon below and, ATTACHED TO YOUR BUSINESS LETTERHEAD, mail to O. A. & E. S. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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☐Executive Office Suites (Period Furniture).

June 30th, 1928

LEADING THE FIELD IN QUALITY AT LOW PRICES

THE new Whippet Six, presented as the world's lowest priced Six, has a 7-bearing crankshaft, full force-feed lubrication, silent timing chain, invar-strut pistons, 4-wheel brakes, 109½-inch wheelbase and a host of other features.

The Whippet Four provides an array of advanced mechanical features perfected and proved by hundreds of millions of miles of owner use. Notable among these superiorities are full force-feed lubrication, silent timing chain, *big* 4-wheel brakes, unsurpassed economy, and remarkable speed and liveliness.

Whippet bodies are attractive, roomy and comfortable, with wide seats, exceptional leg room, and narrow corner posts for clear vision.

Willys-Overland, Inc., Toledo, Ohio. Willys-Overland Sales Co., Ltd., Toronto, Canada

Whippet FOURS SIXES

Whippet prices range from $455 to $610. Whippet Six prices $615 to $770. Prices f. o. b. Toledo, Ohio, and specifications subject to change without notice.

E

V

Y.